RADIX
THINK TANK FOR THE RADICAL CENTRE

OPEN MARKETS OUTLOOK

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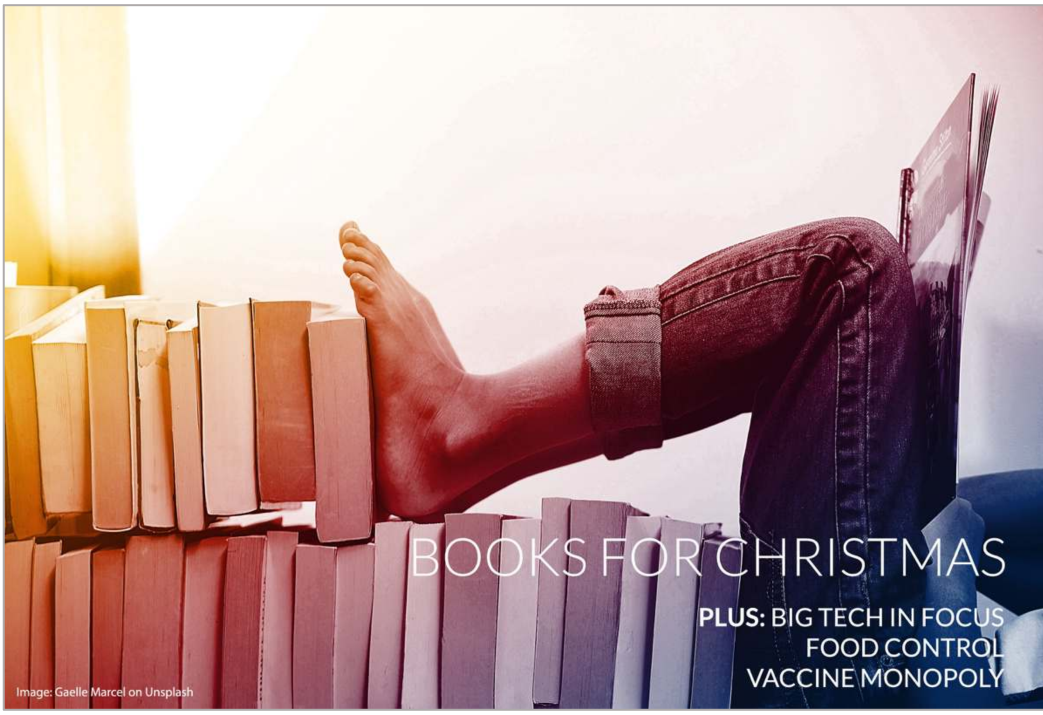

Happy new year to everyone – for our special Google issue!

HAS AMAZON REALLY BOUGHT UP THE BOOK STOCK FOR CHRISTMAS?

We have been kinder to Amazon in this newsletter than other potential monopolies, aware that they are – among other things – a highly efficient business. But there comes a point where we have to wonder.

For example, this Christmas in the UK, independent bookshops trying to get hold of copies of the top 20-25 UK bestsellers, to satisfy local demand, have found that they can't. It appears that Amazon has bought up the lot, preventing their small independent competitors from providing them when they are ordered.

One publisher alone has had the good sense to hold anything back…

They are able to do this because of their extraordinary market power and because, if they are not sold, they can simply be returned in the New Year. The publishers are apparently too stupid to realise what is going on and they have meekly handed over their stock. Macmillan is, we understand, the only publisher with the sense to hold anything back.

If that would not be an abuse of market power, I don't know what is. But before we get too carried away, it would be worth thinking about what is happening this year in particular.

The answer, we believe, is the advent of an online bookseller with a mission – bookshop.org – which provides 30 per cent of the sale price to local bookshops.

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Only one book distributor remains – and one bookshop chain…

Bookshop.org was given a huge boost by covid-19. It launched early this year in the USA and went from selling $50,000 worth of books in February to $5m in May. The crisis has also protected it from the usual accusations of undermining the high street.

In the UK, it had a competitor – Hive gave local bookshops 10 per cent, and is owed by book distributor Gardners. Their main competitor Bertrams was swept away by the epidemic.

We believe that bookshop.org is the real target of Amazon's behaviour – a rare lapse of judgement on their part. That does not make it acceptable. Nobody minds competition – quite the reverse, in fact – as long as it is fair.

This isn't.

SHARE YOUR DATA, EU PLANS TO TELL BIG TECH

EU set to force big tech to disgorge their data secrets…

The EU is planning to force Big Tech companies to share their huge reserves of customer data with smaller rivals, according to their landmark Digital Services Act.[1]

> They "shall not use data collected on the platform...for [their]own commercial activities...unless they [make it] accessible to business users active in the same commercial activities.

This is in line with the recommendations in the RADIX paper on digital competition titled Freedom to Choose published in 2019

The Digital Services Act was the first big revamp of the EU's approach to regulating the internet for two decades, and was designed to tackle the entrenched advantages enjoyed by Big Tech.

The draft includes…

- A rule that companies that wield huge power because they run the sites or marketplaces that others use to do business, should only be able to use the data they collect for narrow purposes.
- A ban on preferential treatment of their own services on their sites or platforms, to the detriment of rivals
- A ban on companies pre-installing their own applications on hardware devices, such as laptops or phones.

Is it time to protect the minnows from the whales in competition cases?

- Large platforms must let users uninstall any pre-installed apps on devices such as smartphones and personal computers.

Back in February, Margrethe Vestager, the executive vice-president in charge of regulating Big Tech, warned that dominant players would be forced to open up their data to smaller competitors.

The reaction from *Financial Times* readers – it was their story – was hardly positive, but there were other proposals, including a full ban on acquisitions in the sector. "This was placed on Microsoft during its own anti-trust investigations 20 years ago, [and] is what allowed Google Facebook and Amazon to thrive as independents in the first place without Microsoft buying them".[2]

US DEPARTMENT OF JUSTICE ALSO ON THE WARPATH

The case has finally begun

The US Department of Justice has now filed a lawsuit against Google, which claims that the tech giant illegally holds monopolies in search and search advertising.[3]

The US House of Representatives has hammered Google and other tech giants, releasing a 400+ page report on their allegedly anticompetitive practices, coma[ring them to oil or railway barons a century ago.[4] A coalition of several states, led by Texas Attorney General Ken Paxton, is running its own investigation into Google.[5]

But the states' investigation could face delays because of separate issues at Paxton's office, according to revelations in the *Wall Street Journal*.[6] The Texas attorney general has been accused by eight of his now-former employees of using his office to interfere with an FBI investigation into a campaign donor.

Justice Department officials told lawyers involved in the antitrust inquiry into Alphabet, the parent company of Google and YouTube, to wrap up their work by the end of September. Most of the 40-plus lawyers who had been working on the investigation opposed the deadline.

Lawyers feared that the move was because Attorney-General William Barr wanted to override the recommendations of career lawyers in cases that are of keen interest to President Trump, who has accused Google of bias against him.

Still, the case has now begun.[7]

GOOGLE FINED OVER AD-TRACKING COOKIES

First France bites back at Google's cookies – next it could be the UK...

Google has been fined 100 million euros in France for breaking the country's rules on online advertising trackers known as cookies.[8]

It is the largest fine ever issued by the French data privacy watchdog CNIL.

Amazon was also fined 35 million euros for breaking the rules. CNIL said Google and Amazon's French websites had not sought visitors' consent before advertising cookies were saved on their computers.

Google and Amazon also failed to provide clear information about how the online trackers would be used, and how visitors to the French websites could refuse the cookies, the regulator said. Both were given three months to change the information banners displayed on their websites. If they fail to comply, they will be fined a further 100,000 euros per day until the changes are made.

In a separate case, Google is being probed by a UK regulator over its plans to change the way the Chrome browser handles cookies.

Google wants to stop advertisers using cookies to track users as they move around the web from one site to another when using Chrome, in a bid to improve privacy.

It plans to introduce an alternative system know as the Privacy Sandbox that will only provide anonymised feedback.

A group of about a dozen small tech companies and publishers has lodged a complaint with the Competition and Markets Authority (CMA) claiming this would damage their businesses.

THE TOP FOUR CORPORATIONS IN THE US CONTROL FOOD

"Consolidation in our food system is a grave threat to our family farmers and rural communities..."

US senator Cory Booker has praised a landmark report on consolidation in their food and farming economy, co-produced by Family Farm Action Alliance and Open Markets Institute, at an online event to mark the report's release.

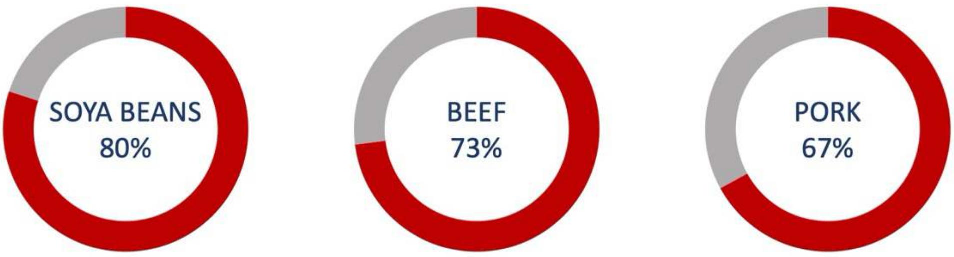
> "Consolidation in our food system is a grave threat to our family farmers and rural communities... There is an urgent need for Congress to take action to address corporate concentration and create a food system that is rooted in fairness and opportunity for all."
>
> **Senator Cory Booker**

The report, *The Food System,* was written by Dr Mary Hendrickson, Dr Phil Howard, Emily Miller, and D. Douglas Constance.[9] It looked at the implications of a concentrated agrifood system – including ecological waste, the erosion of communities, and its callous treatment of human beings.

In the US, the top four corporations control 80 per cent of soybean processing, 73 per cent of beef processing, and 67 per cent of pork processing. The report also made clear that such figures actually understate the problem, as the processors often enjoy strong monopolies across entire regions of the country.

What happens when four companies control US food production...

The top four corps in the US control processing of:



The report calls for policies to democratise the food system through antitrust enforcement, prioritising racial equity, transforming and redirecting production subsidies, and empowering alternative and localised food systems and economies.

VACCINE SLOWER BECAUSE OF MONOPOLY

Prices have skyrocketed, even for the most basic childhood vaccines, and many diseases we thought we had eradicated long ago have returned...

The production of enough vaccine to protect the entire US population will take much longer than it could have, because monopolists have degraded vaccine manufacturing capacity in recent decades, said the Washington-based Open Markets Institute.

The report, *Corporate Monopoly and the Decline of America's Vaccine Industry*, provides a history of U.S. vaccine production and lays out how the Biden administration should fix the vaccine system and defeat the next pandemic.[10]

For much of the 20th century, America's vaccine system was the best in the world, thanks largely to strong government support. Since the overthrow of traditional anti-monopoly law in the 1980s, however, monopolists have concentrated control over the production of most vaccines and ancillary components. As a result, prices have skyrocketed, even for the most basic childhood vaccines, and many diseases we thought we had eradicated long ago have returned.

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The report makes clear that new legislation is needed: prosecutors can begin to reverse the problem simply by enforcing the law as it was originally written – or at least that's what the report claims.

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About Radix

Radix is a non-aligned public policy think tank for the radical centre. Its aim is to re-imagine the way government, institutions and societies function based on open-source, participative citizenship. To kick-start the thinking that is needed for politics to embrace technology, innovation, social and cultural change.

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