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Free services are good for consumers. Monopolies tend to be bad for them. The big tech platforms have elements of both—a combination that is vexing policy makers around the world as they struggle to figure out how best to police American technology behemoths and their unusual business models.

The latest sign of **escalating scrutiny**: **The Justice Department is laying the groundwork for an antitrust investigation** of Google. That isn't surprising. On the surface, the Alphabet Inc. unit has traits that would traditionally raise concerns about stifled competition squelching choices for consumers. The same could be said for Facebook Inc., Amazon.com Inc. and Apple Inc. They all have dominant market shares in their sectors—from search to social media, e-commerce, online advertising and smartphone apps—and are protected by practices and conditions that make it hard for new rivals to challenge them.

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And yet they don't fit neatly into the old formulas that signal harm from such power: higher prices and less choice for consumers. On the contrary, these companies offer many of their core products to customers for no charge. And they have vastly expanded the ability of consumers to search, compare and buy a newly broad range of products from all over the world with a quick click, search, or download.

Big tech "creates novel complexities and considerations, particularly a concern that the digital platform may be a unique combination of economic forces that require both new analysis and new public policy," said a report issued in mid-May by a group of scholars at a University of Chicago conference dedicated to debating how to apply antitrust to the 21st-century economy.

The Chicago meeting followed exhaustive studies on the subject completed in recent months by governments around the world, including the U.K., the European Commission and Australia. All reached similar conclusions about the evolving nature and impact of competition in the digital world. One common argument is that consumers are facing myriad harms even as they now enjoy free services that used to cost money, like searching for information, using maps and getting directions, communicating with friends and having goods shipped to their homes.

Many economists say consumers do pay for all of these services, not with cash but by providing the tech companies with valuable information about their personal lives as well as shopping and search habits. Those companies in turn convert that data into big profits by selling it to advertisers and other users. These economists say that in a more competitive market, the real free-market price could be lower than it is. Consumers, they suggest, might be paid for that data. "Although accessing services for free may appear to be an attractive proposition, this zero-price may in fact be too high, as consumers could be extracting greater value in return for their data," said a March report commissioned by the British government, written by Jason Furman, who was President Obama's chief White House economist.

The report also suggests that data-privacy concerns—a nonmonetary "cost" borne by consumers using digital platforms—might be better addressed with more competition, if different companies tried to lure customers by offering tighter protections. The huge share of the digital advertising market controlled by Google and Facebook also means they can charge more for those ads than they could in a more competitive market—costs that may be passed on to consumers with higher prices for the goods they buy online, the reports say. They add that the prominent placement of ads associated with those platforms also degrades the quality of the user experience for consumers.

Economists also warn of the potential abuse in the ability of platforms to control the choices consumers see—and how they see them—a power that can be used to limit consumer options. That is the argument behind a **private antitrust lawsuit pending against Apple**, accusing it of forcing customers to pay higher prices by requiring all iPhone software be purchased through its App Store—where Apple can take a cut—and preventing users from acquiring the programs directly from developers.

Apple says its App Store isn't a monopoly market and adds that the controls are imposed to ensure higher quality for its consumers. **The Supreme Court in mid-May rejected Apple's attempt to dismiss the suit**, stating in an opinion that "Apple's theory would provide a road map for monopolistic retailers to... thwart effective antitrust enforcement."

The recent spate of research on digital platforms all conclude those industries naturally tend toward monopoly, for a few reasons. They cite "network effects," which means that services like social networks inherently grow more valuable for their customers the more users they have, a self-reinforcing cycle that tends to foster more dominance. Those products also work better the more data they can analyze, compare, and sell—another tendency favoring existing firms that makes it harder for new competitors to emerge.

The Chicago report says that, with digital platforms, the "competition in the market" shaping most industries is replaced by "competition for the market," meaning that once a firm has won the battle to control a sector, it faces little challenge from other rivals. The study—led by Yale economist Fiona Scott Morton, an Obama administration antitrust official—warns of "the difficulty of entry into digital platform businesses once an incumbent is established." – ***Wall Street Journal***

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