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# Big Tech & Digital Economy The Monigopoly Scenario

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GCLC Evening Policy Talk

21 September 2020



# Moligopoly?

- Hypothesis
- Test
- Data and observable indicators
- Model

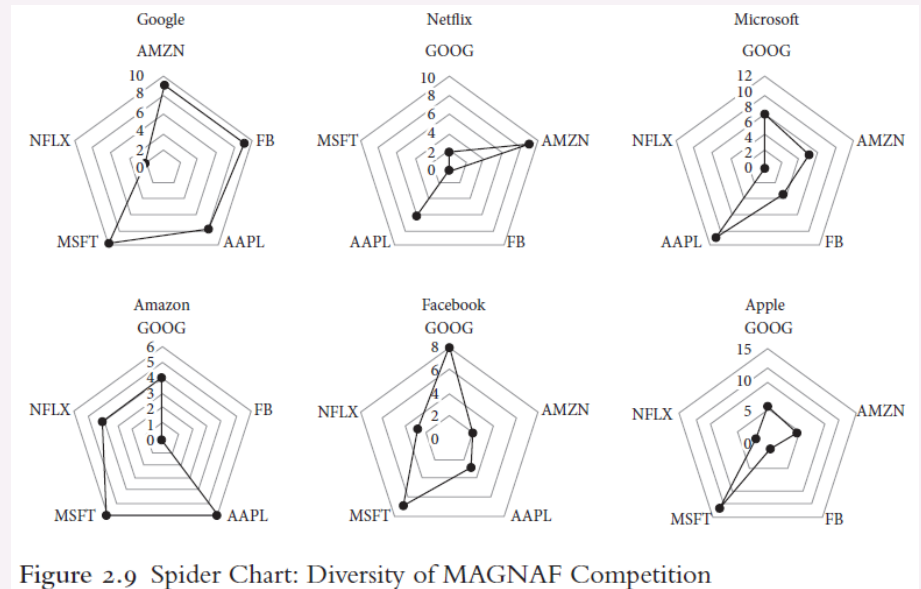


Figure 2.9 Spider Chart: Diversity of MAGNAF Competition



# Theory

## Game

- Monopoly and oligopoly
- Dynamic
- Finite
- Cheating
- Indirect entry

## Features

- Diversification
- Discontinuity
- Long termism
- Growth
- Exploration
- Flexibility



- Priority on **tipped markets**
  - Focus on pressuring naked monopoly rents
  - Constraint: avoid losing efficiency of large market share
- Agnosticism toward conduct or transaction by both incumbent and new firms in **untipped markets** (aka **tipping markets**)



# Compare w/ EC policy options

	EC	Book
Institutions	Procedural-institutional	Substantive
Target	“Tipping markets” (tipping is potential)	Tipped markets (tipping <i>has</i> occurred)
Timing	Incipency (bf <i>ex ante</i> )	<i>ex post</i>
Philosophy	Regulated competition (agency) as a discovery process	Market competition (firms) as a discovery process




<https://www.protocol.com/videoconferencing-startups-zoom-racing-to-build-next-gen-chat>



- [https://global.oup.com/academic/product/big-tech-and-the-digital-economy-9780198837701?promo\\_code=ALAUTHC4](https://global.oup.com/academic/product/big-tech-and-the-digital-economy-9780198837701?promo_code=ALAUTHC4)
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**BIG TECH AND THE DIGITAL ECONOMY**  
THE MOLIROPOLY SCENARIO  
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NICOLAS PETIT

Hardback | 308 pages  
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**T**his book asks a simple question: are the tech giants monopolies? In the current environment of suspicion towards the major technology companies as a result of concerns about their power and influence, it has become commonplace to talk of Google, Facebook, Amazon, Apple, Microsoft, or Netflix as the modern day version of the 19th century trusts. In turn, the tech giants are vilified for a whole range of monopoly harms towards consumers, workers, and even the democratic process. In the US and the EU antitrust and regulatory reform is on the way.

Using economics, business and management science, as well legal reasoning, this book offers a new perspective on big tech. It builds a theory of "moliropoly". The theory advances that the tech giants, or at least some of them, coexist both as monopolies and oligopoly firms that compete against each other in an environment of substantial uncertainty and economic dynamism.

**FEATURES**

- Provides a timely analysis of technology as a source of competitive pressure, as across the world policy makers at all levels of government are currently discussing regulatory reform towards big tech firms
- Provides an analytical framework that gives a full account of firm behavior under the coexistent forces of monopoly due to relaxed rivalry and oligopoly competition induced by digital technology
- Considers policy options for novel harms like privacy, fake news, or hate speech in digital markets, suggesting that regulation, not competition, is the appropriate tool

Nicolas Petit is Professor of Competition Law at the European University Institute (EUI) in Florence, and invited Professor at the College of Europe in Bruges.

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