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EU's new guidelines are a good start, now to work with them

Most nations appear to be grappling with the power of Big Tech firms – anti-trust regulators in the EU have, for instance, fined Google around 8 billion euro between 2017 and 2019 – even though it is true a large part of the current angst relates to social media firms like Facebook and Twitter. In recent months, in the US, the anti-trust committee of the House Judiciary Committee talked of breaking up Big Tech in a 449-page report and, after that, the Department of Justice filed a suit against Google for abuse of its dominance in the search market. There were, as this newspaper has pointed out before, several problems with the approach. One, with even the House reports talking of how the network effects reinforced a winner-take-all approach, breaking up Big Tech was hardly a solution. Two, apart from the fact that consumers like Big Tech solutions because they keep getting more for free, it is these firms that are driving a large part of tech R&D; indeed, had it not been for Google, the mobile device market would never have grown in the manner it has.

So how do you curb the ill-effects of Big Tech while retaining its advantages? Since, in the case of Google for instance, a big part of the allegations against it pertain to search dominance, the EU's guidelines – released on Monday – appear on the right track. Under the new guidelines – the draft rules will be out next week – search engines and online platforms which include firms like Amazon or travel/food aggregators will need to clearly lay down rules on what determines the rankings on their platform and specify all the significant parameters that influence these rankings. So, for instance, if Google search engine shows Amazon as the top e-commerce player in its search, it will have to specify the basis of it selecting Amazon as the top e-commerce company. Similarly, for hotel listing services, the categorization of hotels would have to be made clear to companies listing on the platform; once these are made public, firms will have the ability to point to the distortions they create and, hopefully, that will lead to this getting fixed/reduced. A Google will have to clarify if apps listed on its Playstore with in-app purchase feature get ranked higher or not as Google earns a hefty commission from such apps. The EU guidelines do not stop companies for charging for paid promotion or giving the advantage to those who opt for direct or indirect payment to platforms, but the commission is expected to place reasonable restrictions on what companies can or cannot do. More important, such platforms will also have to ensure that parameters like user ratings are vetted careful and

are not open to manipulation. India too should take a leaf out of the EU's book and set similar guidelines especially since such complaints are being raised not just about Google but also against various online aggregators. Given how much influence search has on business operations, India's competition authorities need to start preparing for this.