

Opinion **Big tech**

We need tougher scrutiny of Big Tech's data use and deals

Tougher regulation can insure digital markets are not controlled by monopolies

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The winds of change are [buffeting](#) Facebook, [Google](#) and other dominant digital groups. Many countries have begun to scrutinise their activities and tackle the adverse effects of the way such powerful companies behave. About time too, many people will be thinking. The opportunity for meaningful self-policing is long gone.

In the UK, the [House of Lords](#) last week called for a new regulatory authority to scrutinise [Big Tech](#). Last month a [review](#) of UK news provision demanded the imposition of a quality obligation for online news and a code of conduct governing platforms' relationship with publishers. A government white paper proposing measures to guard against harmful content online is due soon.

Wednesday brings a report on digital competition from an [expert panel](#), chaired by Jason Furman, to which I belong. We were charged with considering how to improve competition in digital markets, given their distinctive economic characteristics and the presence of a small number of big players.

It is important to recognise that people gain great benefits from digital markets. They value highly services for which they often pay no monetary price. Network effects mean that the scale of the benefits is often linked to the scale of the platform, and that some digital markets are subject to winner-take-all (or most) dynamics

Yet there are significant downsides: not just a lack of competition today, but also a future reduction in innovation due to the dominance of the incumbents and barriers to entry. As digital markets move so quickly, it is hard for regulators — including competition authorities — to act swiftly enough.

Our report therefore recommends a new approach directed towards making competition more effective and updating policies on mergers and acquisitions to respond better to future challenges.

The UK should create a digital markets unit, which could sit within the Competition and Markets Authority or a sector regulator, to supervise companies deemed to have “strategic market status”. The unit would enforce a code of conduct as well as open, shared standards. We must make it easier for people to move their personal data from one digital platform to another and improve general access to non-personal or anonymised data.

We need to do this because the evidence is that the large companies benefit from their ability to accumulate and combine user data. This creates a significant barrier to new entry in digital markets. We need data openness and enhanced interoperability to help new entrants compete.

There is a strong case for updating merger and antitrust policy to make competition assessments more forward-looking. So far, the major platforms have been able to gobble up potential competitors unchecked by any competition authorities: Facebook’s purchases of [WhatsApp and Instagram](#), and Google’s acquisitions of YouTube, [Nest](#) and [DeepMind](#) are some of the best known out of hundreds of examples.

The competition authorities also need more powers to take interim measures in fast-moving markets, more scope to exercise judgment about potential economic harms, and a faster, better-targeted process. We would also like to see a CMA market inquiry into online advertising.

Our panel shied away from recommending a break-up of the big US digital groups. That is something for the American political process to determine and would involve costs as well as benefits for consumers.

But in the meantime, there are plenty of things the UK government can do to improve competition here.

Despite the winner-take-most dynamics, and the scale of some of the incumbents, digital markets are not natural monopolies. Now is the time to reshape regulation and competition policy to ensure they work as well as they can for all of us.

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