Big Tech Monopoly - Effects, Desirability and Viable Regulations

– **Aryan Tiwari**
Bachelor of Computer Applications (BCA) 2nd Semester, Amity University Noida, India
https://orcid.org/0000-0001-8613-295X aryantiwari209@gmail.com

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When a few companies hold all the power in an industry, it gives them control overthe pricing of the products, immense financial reserves and the power to curb newcomers in the industry. This allows them to collect and use customer data for digital marketing which undermines the privacy of the customers. The effects of a monopoly have economic implications that may or may not be favorable.There are no universally accepted strategies on regulating them as committees in-charge of decision making(European union, US politicians and privacy activists) are not technically skilled enough to be able to control the misuse of power.

Keywords : Technology | Industry | Pricing System | Contemporary

Introduction

The pare to distribution states that most of the resources belong to the few at the top of a dominance hierarchy which holds true in case of Tech companies like Facebook, Google, Amazonetc (group being commonly referred to as “Big Tech”).This gives them immense financial power and control over the flow of information on the internet that enables them to curb smaller companies that threaten that their market share.

The conditions for a company to be a monopoly are: Lack of substitutes, no close competitors, a big barrier for entry for smaller companies.

The Free market capitalism arguably doesn’t impose enough restrictions due to conventional anti-trust enforcement being inept. This cumulatively stifles technological advancement due to lack of inclusion of diverse mindsets that do not adhere to the principles and methodology of the Big tech not attaining enough resources to implement their own vision.

Effects

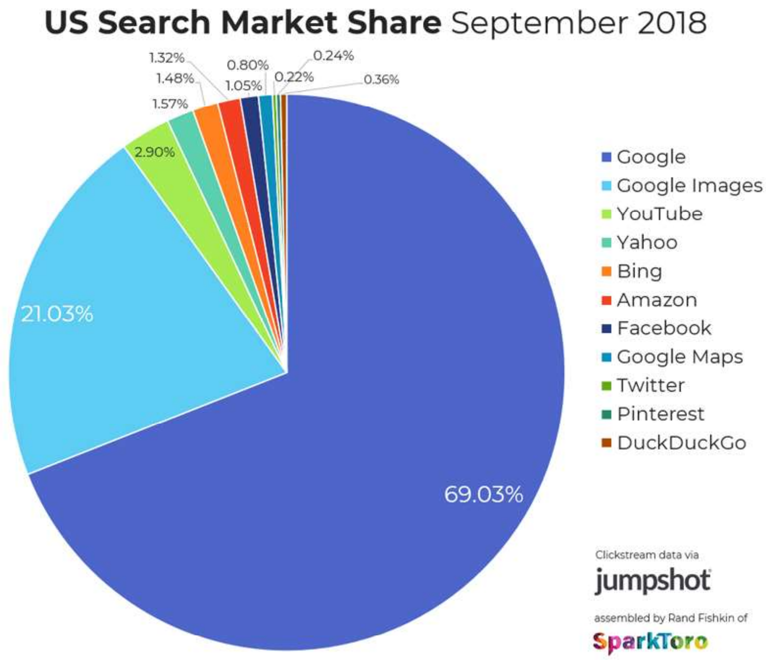
Contemporary revenue is generated by these companies by facilitating a connection between the seller and a potential buyer. They have done this by acquiring enough data about the population to discern the interests of its individuals. This allows the company to minimise their investment on advertising by targeting the right person at the right time on the right platform. This is beneficial for all three parties involved in the exchange.

This is why Big Tech collects all the data that they legally can and sometimes even more as social media platforms like Facebook have repeatedly undermined the privacy of its users. The smaller companies are unable to enjoy the same financial support from ad revenue as they lack the data to target effectively.This financial support enables the better infrastructure that lead to projects like Facebook's Free Basics that violates the net neutrality laws and threaten internet freedom. The United States even killed their net neutrality in 2017 which gives even more power to the monopolies.

The reliance on the services offered by the monopoly traps it's users into paying attention to the things that the monopoly wants you to pay attention to using their artificially intelligent recommendation systems that affects the free will of its users. This has led to people being recommended the content that adheres to their political inclinations and making people more radical about what they believe in and broaden the gap between the left and the right wing.

Desirability

The services offered by the companies in monopoly will almost always be of a higher quality and be more reliable than those from a smaller company at a cheaper cost which will leave no reason for a client to go for any other company. This happens due to the economies of scale advantage since the single producer will make products in large quantities which reduces the cost per item. They can even keep the prices artificially low till the competition dies down since they don't have to report their profits to their investors as quickly as a smaller company would have to since they can make back the losses of that product from the sales of other products of that ecosystem in which that product was being sold in to boost the customer base that effects the revenue of multiple products.



The upside to this is that is the stability provided by the bigger companies as smaller companies are more likely to fail at their projects. This gives the market stability due to reduced unexpected project failures.

The downside to that is lack of incentive for any other company to compete with thetech giants due the insurmountable odds.Leaving the Tech Giants with all the control over that service in the market and thecapacity to abuse it. Example: charging different customers differently for the same product.

It follows similarly with the free market and closed economy conflicts where opening up the economy threatens the domestic workers(smaller companies) while keeping it closed takes away the superiorservicesprovided by foreign companies (Big tech).

Regulations

To balance both sides of the problem mentioned above, we need to adopt protocols that will allow us to keep receiving services from the tech giants while having newcomers contribute to technological advancements too without being squished.

Acquisition: The giant tech firms are seen to acquire emerging companies is the same or similar market as their own. This can be regulated by having the Giant tech firms prove that the acquisition is not to kill competition.

Breaking up the tech firms is a common idea but this raises many questions. To which of the resulting firms does the customer data go to? And will the users be comfortable with their private data going to a different firm?

Another possible regulation is limiting the conditions under which these companies can use the consumer data.

One of the best ways to regulate big tech is partially how it is being done already. Having their consumers regulate them. They choose the services and the company for their needs with the knowledge of the activities of the company which would prevent the companies to abuse their position and lose the trust of its customers. This would require a customer representative committee for each of the Tech Giants.

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Aryan Tiwari is an undergraduate student at Amity University pursuing his bachelors in Computer Applications. He has done a Certificate Course in Business Management (CCBM) with a major focus in digital marketing at Department of Management studies, IIT Delhi. He has a keen interest in the business aspect of technology and its monetization. He runs a music training institute (online and offline) with his team and markets it digitally using targeted social media ads. He looks forward to figuring out a measure of temperamental variation of a personality online compared to the person in daily life in order to prevent Cyber-bullying and cyber-crime. He is interested in what people value and why they value the things they do as that is a better way of forecasting their actions and learning about their motivations rather than a historical record of online activity although that can be used as a basis to ascertain their value system.

aryantiwari209@gmail.com

Annexure I

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Reviewers Comment

Review 1: As per the current situation, the knowledge is to reduce the size of corporations in addition to the thump that they have over individuals.

Review 2: Many big-techs like Google and Facebook have recently been beneath fire for not paying enough care to the confidentiality of people. One of the major motives that they must be able to ignore the privacy of the users is since they are too big in size and have no real competition.

Review 3: As a result, the implementation of anti-trust laws to these companies has become inevitable. The public pressure on these companies has already begun rising. They will not be able to suppress the pressure for very long.

Editorial Excerpt

The above named "**Big Tech Monopoly - Effects, Desirability and Viable Regulations**" has 0%plagiarism. Also the author has given some references for the same. The article is based on issues of current scenario the big tech today's big tech companies have too much influence — too much influence over our economy, our civilisation, and our equality. They've flattened competition, used our private info for profit, and tilted the playing field against everyone else. And in the process, they have hurt small businesses and stifled innovation. After Editorial board decision it is decided to categorise this article under "**Argument Based Credentials** (ABC)".

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Disclaimer

All Views expressed in this paper are my own, which some of the content are taken from open source website for the knowledge purpose. Those some of i had mentioned above in references section.

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