

‘Move fast and fix markets’

Developments in Digital
Markets in Europe and
Lessons for Australia



**ACCC/AER Regulatory
Conference**

Brisbane

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Big Tech: Two very different periods

The image shows a group of people looking towards the right. Overlaid on the right side is a screenshot of a Google search for 'autoverzekering' and a line chart showing search volume trends from 2020 to 2024.

The search results for 'autoverzekering' include:

- Goedkope autoverzekering | Ale...
www.promovendum.nl/
Onze premie is echt heel laag. Grijp uw kans.
- Premie berekenen
Bereken in 1 minuut uw voordeel.
- Autoverzekering bij InShared | G...
www.inshared.nl/autoverzekering
Beoordeling: 8,3 uit 6700+ reviews. Verzekering inzittendenverzekering bij uw autoverzekering. Beloningpunten sparen. Snelle schade afhandeling.
- Goedkope Autoverzekering (Tp)...
www.allsecu.nl/Autoverzekering
Bereken in 3 stappen hoeveel je gaat besparen.
- Autoverzekering vergelijken | • L...

The line chart shows search volume trends from 2020-01 to 2024-01. The y-axis represents search volume, and the x-axis represents time. The chart shows a significant increase in search volume starting around 2022-01, peaking around 2023-01, and then declining slightly by 2024-01. The chart is overlaid on a background of a group of people looking towards the right.

14-2015 2018-2019

Lesson # 1

- Economics: theory \neq practice

Many questions and first answers

- Merit or else?
- Mergers: ~~1000/0~~ **1001/1**
- Antitrust (EU) and fines
- Speed
- Taxes (Apple in Ireland: **0.005%** of profits)
- Ineffective remedies
- ...

Lesson #2

- Ex post competition policy not enough

What can
policy makers
do?



“Traditional”
tools



“Rebuttable structural
presumption”



Break up!



Ex ante
regulation
(DMA/DSA):
contestability
and fairness

Lesson #3

- Ex ante regulation is a must, but (probably) won't be enough

Must look beyond

- Risk of “solutionism” (E. Morozov)
- S. Zuboff: *“Google seduces, ignores, overwhelms, or simply exhausts its adversaries. [...] People habituate to the incursion with some combination of agreement, helplessness, and resignation.”*
- We always talk about users/apps/advertisers...
- Actually... try to **forget** GAFAM. Try to **imagine** our digital future (there will be GAFAM but we do not need to depend on them).

Must look
further
beyond

- Data as a “collective good”: better kind of generative AI?
- Require companies that benefit from public research to share IP (conditionality, Mazzucato)
- Certification of business practices and algorithms (Lavie, Pollicino & Valletti, 2024)

Must look
even further
beyond

- Power framework (Cowgill, Prat & Valletti 2023)
- Dependency on US Big Tech is 90% at every level of the stack
- We have a strategic industrial and security problem: none of the infrastructure is even OURS

Lesson #4

- Change vantage point

Advance of technology must happen in an ecosystem where social input, democratic input and government expertise are essential part of setting the agenda for innovation

Industrial concentration in Europe

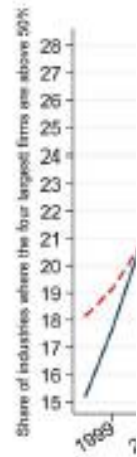


Figure 5. Evolution of the share of industries where the four largest firms are above 50%. Authors' calculations based on data from the High-concentration industry:

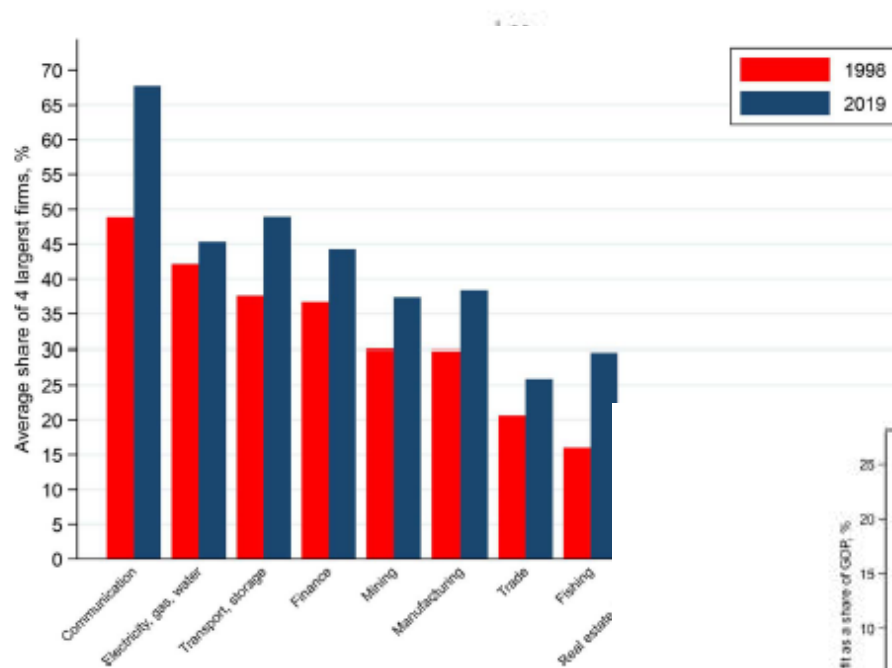


Figure 10. Average industry concentration by broad industry groups. Calculations based on Euromonitor International's Passport Industry Concentration. Industry concentration is the weighted average of the underlying industries' concentration (given by industry size).

CONCENTRATION AND COMPETITION: EVIDENCE FROM EUROPE AND IMPLICATIONS FOR POLICY¹

Gábor Koltay*, Szabolcs Lorincz* & Tommaso Valletti**

ABSTRACT

...ctors of market power for major European countries. Industry concentration over the last two decades, a concentration in industries, and an overall tendency toward concentration. Our findings also show a sustained increase over the recent decades. The academic and policy debate is not settled as to whether the effect of technological improvement, our findings suggest that the number of large companies are becoming more common.

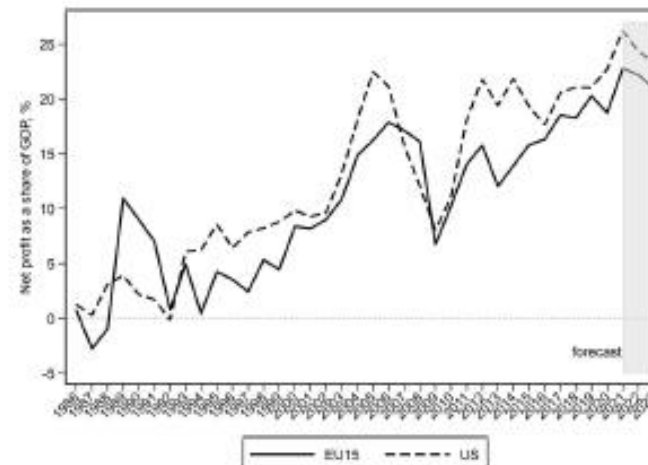


Figure 21. Net profit as a share of GDP, EU14 + UK, and United States, 1986–2022. Source: European Commission (AMECO) based on National Accounts from Eurostat and Bureau of Economic Analysis.

Lesson #5

- Don't forget the rest: our economies are getting more and more concentrated

Thanks a lot!