

RESEARCH SUMMARY

Targeting Big Tech Platforms Can Be Misguided and Harmful

To bring more competition to digital markets, policymakers around the world are engaging in unprecedented efforts to regulate large technology platforms. In “On the Origin of Platforms: An Evolutionary Perspective,” Dirk Auer and Geoffrey Manne argue that these efforts could be both misguided and harmful. The authors show how the success of Apple, Google, and other tech giants may not stem from anticompetitive practices but from these companies’ superior ability to adapt to market demands, particularly through their successful platform design choices.

Policymaking Based on a Faulty Premise

In recent years, enforcers in the United States and Europe have initiated dozens of competition cases against Silicon Valley’s tech giants. Legislators worldwide have also passed regulations that significantly alter how online markets function. These antitrust and regulatory initiatives are part of a global push to “open up” digital markets. Their premise? An assumption that the tech platforms are designed, at least in certain respects, to reap anticompetitive rewards at the expense of users.

But while there has been much discussion of the purported benefits to consumers of redesigning and restructuring tech platforms, regulatory efforts often overlook the complex dynamics that shaped today’s dominant platforms.

Mismatch Between Regulatory Wants and Market Reality

As policymakers consider their approach to and rationale for intervening in digital markets, they should consider the following:

- The design of large technology platforms is more often shaped by evolutionary market forces than by anticompetitive strategies.
- Case studies show that platforms such as Android, iOS, and Amazon thrive because they strike a balance between openness and control, enabling innovation while ensuring profitability.
- Policymakers often push for more open and decentralized platforms, but the market has repeatedly rejected these designs, suggesting they may not meet consumer preferences or operational needs.
- Sweeping regulatory efforts, particularly in antitrust enforcement, may harm digital ecosystems by imposing rigid structures that do not align with the complex, evolving nature of these markets.

Key Takeaway

There is a divergence between the types of platforms that emerge organically and those favored by policymakers. Platform features deemed “problematic” may have been shaped by adaptative responses to market forces. Policymakers should seek to encourage experimentation and respect platforms’ market-driven adaptations.