

States led by Texas target Google in new antitrust probe

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In this May 1, 2019, file photo a man walks past a Google sign outside with a span of the Bay Bridge at rear in San Francisco. A group of states are expected to announce an investigation into Google on Monday, Sept. 9, to investigate whether the tech company has become too big. (AP Photo/Jeff Chiu, File)

Fifty U.S. states and territories, led by Texas, announced an investigation

into Google's "potential monopolistic behavior."

The Monday announcement closely followed one from a separate group of states Friday that disclosed an investigation into Facebook's market dominance. The two probes widen the antitrust scrutiny of big tech companies beyond sweeping federal and congressional investigations and enforcement action by European regulators.

Nebraska attorney general Doug Peterson, a Republican, said at a press conference held in Washington that 50 attorneys general joining together sends a "strong message to Google."

California and Alabama are not part of the investigation, although it does include the District of Columbia and Puerto Rico. Google is headquartered in California and employs more workers there than in any other region. Google also broke ground last year on a \$600 million data-center project in Alabama.

Tara Gallegos, a spokeswoman for California Attorney General Xavier Becerra, declined to confirm or deny any state investigation and would not comment on the announcement by the other states. Mike Lewis, a spokesman for Alabama Attorney General Steve Marshall, also said the state's legal team had no comment on the probe.

The news conference featured a dozen Republican attorneys general plus the Democratic attorney general of Washington, D.C.

Google's parent company, Alphabet, has a market value of more than \$820 billion and controls so many facets of the internet that it's almost impossible to surf the web for long without running into at least one of its services. Google's dominance in online search and advertising enables it to target millions of consumers for their personal data.

The state officials assembled in Washington were vague about the focus and scope of the investigation, although several suggested scrutiny of the company's dominant search and advertising businesses.

Critics often point to Google's 2007 acquisition of online advertising company DoubleClick as pivotal to its advertising dominance.

Europe's antitrust regulators slapped Google with a \$1.7 billion fine in March for unfairly inserting exclusivity clauses into contracts with advertisers, disadvantaging rivals in the online ad business.

One outcome antitrust regulators might explore is forcing Google to spin off search as a separate company, experts say. Regulators also could focus on areas such as Google's popular video site YouTube, an acquisition Google scored in 2006.

Google has long argued that although its businesses are large, they are useful and beneficial to consumers.



District of Columbia Attorney General Karl Racine, with Texas Attorney General Ken Paxton, right, and a bipartisan group of state attorneys general speaks to reporters in front of the U.S. Supreme Court in Washington, Monday, Sept. 9, 2019 on an antitrust investigation of big tech companies. (AP Photo/Manuel Balce Ceneta)

"Google is one of America's top spenders on research and development, making investments that spur innovation," wrote Kent Walker, the company's senior vice president of global affairs, in a blog post Friday . On Monday, Google referred reporters to that earlier post.

"Things that were science fiction a few years ago are now free for everyone—translating any language instantaneously, learning about objects by pointing your phone, getting an answer to pretty much any

question you might have," Walker wrote.

But federal and state regulators and policymakers are growing more concerned not just with the company's impact on ordinary internet users, but also on smaller companies striving to compete in Google's markets.

"On the one hand, you could just say, 'well Google is dominant because they're good,'" said Jen King, the director of privacy at Stanford's Center for Internet and Society. "But at the same time, it's created an ecosystem where people's whole internet experience is mediated through Google's home page and Google's other products."

For instance, Google's search platform is often the starting point for millions of people when they go online. Google dwarfs other search competitors and has faced harsh criticism in the past for favoring its own products over competitors at the top of search results. European regulators also have investigated in this area, ultimately fining Google for promoting its own shopping service. Google is appealing the fine.

Google will control 31.1% of global digital ad dollars in 2019, according to eMarketer estimates, crushing a distant second-place Facebook. Many smaller advertisers have argued that Google has such a stranglehold on the market that it becomes a system of whatever Google says, goes—because the alternative could be not reaching customers.

"There's definitely concern on the part of the advertisers themselves that Google wields way too much power in setting rates and favoring their own services over others," King said.

Google's smartphone operating system, Android, is also the most widely used in the world.

European regulators have fined Google \$5 billion for tactics involving

Android, finding that Google forced smartphone makers to install Google apps, thereby expanding its reach. Google has since allowed more options for alternative browser and search apps to European Android phones.

The U.S. Justice Department opened a sweeping investigation of big tech companies this summer, looking at whether their online platforms have hurt competition, suppressed innovation or otherwise harmed consumers. The Federal Trade Commission has been conducting its own competition probe of Big Tech, as has the House Judiciary subcommittee on antitrust.

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