

The disputes between Twitter and Google, the potential welfare losses, whether competition authorities should intervene and if they do which of the two should be targeted.
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Google's recent integration of their social network Google+ into their search results has caused significant accusations from Twitter regarding Google's possible abuse of their monopoly power. Twitter feel that, as a result of Google's recent integration of Google+, they and other social networks such as Facebook and MySpace have been unfairly relegated by Google in their search results in order to promote Google+. This essay will evaluate a number of issues regarding this problem. Firstly the potential social welfare losses that may arise from this dispute, discussing possible welfare losses for consumers as well as firms. In addition it will also tackle the problem to whether competition authorities should intervene in the matter and if so who should be the focus of the authorities actions, Google or Twitter?

There are some potential social welfare losses concerning this dispute, losses for both consumers and producers but let's first look at it from the perspective of the consumers. There is a welfare loss faced by consumers, in that due to this dispute they are being supplied a search engine that has the potential to be significantly better and more efficient in its uses. For example, if competition

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authorities involve themselves in the matter in support of Twitter, Google may be forced to undo the integration of Google+ from their search results, this effectively causing a decrease in the potential effectiveness of the search engine to consumers, possibly reducing consumers utility from using Google as more time and effort is spent looking for the desired information from the search engine. In addition to this, consumers may still face welfare losses if competition authorities do not intervene in this dispute as consumers could be supplied an even better search engine if the other social networks such as Twitter and Facebook allowed Google access to their information and integrating themselves into Google's search system. Equally web users could face welfare losses as a result of the new search system, as a recent Pew Research Centre poll¹ suggests that a larger proportion of web users see the sharing of user information as an unjustified use of private information rather than a fair exchange for the free services provided. Furthermore, the producers in this situation could also experience welfare losses, firstly Google may be forced to deliberately weaken their service if they are considered to be abusing a monopoly position. As well as this, the likes of Twitter and Facebook could be considered to experience a welfare loss as they themselves could also benefit from the integration of their networks and information in Google's search engine, however they are missing these possible benefits due to their inability to come to an agreement with Google in terms of the monetary value of their network's information content.

It is clear to see that Google holds a monopoly position, having a global market share on desktop of 75.68%². However, whether Google should be treated as a true monopoly is debatable as it does not operate as a traditional monopoly, not charging a price higher and supplying a quantity lower than the social optimum but instead providing an unlimited service for no charge. The question for competition authorities is whether Google has gained this monopoly status fairly and whether they abuse their existing power. Google defends itself against such claims of unfair anti-competitive behaviour, explaining that they do nothing to prevent consumers of their service from switching to a competitor provider, commenting that its competition is "just one click away"³, this being an argument that is very hard to discredit as it is evident that there are no barriers of any description which prevent users of Google to switch to other search providers such as Bing and Yahoo, consumers continuing to use Google simply due to its evident superiority over other search engines. Furthermore, could Google be considered a natural monopoly? In many ways Google could be considered a natural monopoly in that they have earned their market power through providing the best service and thus dominated the market and creating huge brand loyalty. Therefore it may be possible that it would be a more efficient use of society's resources if Google's competitors did not compete in the market as it is highly unlikely that

they will ever be able to fully compete with Google, the provider supplying the best, unlimited and most efficient service in the market. Consequently, in the case of Google, there seems little need or cause for competition authorities to take any action.

However in the recent case concerning Twitter's accusations against Google there might be just cause. Whether there should be any form of intervention in the dispute by competition authorities depends on the strength of evidence to support Twitter's claims against Google, claiming that Google is using its dominance as a search provider to promote Google+, using their monopoly power to relegate other social networks in their search results. Recent search result rankings showed that Google+ had "leapt up the rankings"⁴, however whether this is strong enough evidence to cause the intervention of authorities is questionable as these rises in search result rankings may not be due to unfair play by Google but due to Google's marketing and advertisement of Google+. On the other hand however, there may be some basis to Twitter's accusations as Google search results show significant promotion of other Google services such as G-mail, Google Video and Google Maps. For example, a search for 'email' produces results in which G-mail is ranked first, above its larger and more dominate competitors⁵. In addition to this, there could be another possible cause for intervention concerning abuse of monopoly power, this regarded to the previous buying of Twitter's user information by Google. From this there could be a case against Google trying to use its monopsony or buying power, offering Twitter a price below the true value of the data. However, this possibility is not likely as Twitter has made no accusations regarding Google's abuse of a buying position, in addition to the fact that they had previously supplied Google user information willingly for the price offered by Google. Furthermore, this action by Google could be equally compared to Microsoft's bundling of Internet Explorer in 1998⁶, using their monopoly position as an operating systems provider to help Internet Explorer to gain an upper hand in the internet browser market. Although this example is very similar to Google's promotion of their other products such as Google+ and G-mail it is also greatly dissimilar as it is again evident that Google is not forcing any consumer to use any of their services, unlike the case of Microsoft, giving consumer free choice to choose. Perhaps Google as a brand is key to this debate as it may be possible that consumers are not necessarily choosing Google services over other providers due to Google's use of their search dominance but instead because of their brand loyalty to Google, trusting that the service provided to them will be of the highest quality. Therefore, it is likely that it would be greatly difficult for competition authorities to intervene as they did in the Microsoft case due to the fact that Google can't really be seen to behave in an anti-competitive manner, especially in the way that Microsoft had in 1998, as they are

still giving consumers a free and wide choice of providers, using no techniques to force consumers or tie them into using Google products and services.

If Google's actions are considered to be an abuse of their market position and consequent power a problem may arise concerning the intervention from competition authorities. This problem may come in the form of a coordination problem, in that action may not be taken by any competition authority due to the global nature of Google. For instance the UK's competition commission may choose not to take action in the matter if it believes that the US's FTC Bureau Of Competition will intervene and vice versa. In addition to this, if competition authorities did intervene in the matter what would be the likely outcome of the situation, would Google or Twitter be the target of the authorities attention?

It is unlikely that either Twitter or Google will be the target of authorities as there is little that competition authorities can punish or force these companies to do as neither are really in the wrong. Firstly, action against Google is unlikely due to the fact that they are simply using their current resources, this being their dominance as a search engine provider to promote their other services, not using their dominance to unfairly force consumers into Google services. Secondly, Twitter could not be targeted by authorities purely for making accusations towards Google and by refusing offers made by Google for their user information.

In conclusion, it is greatly difficult for competition authorities to intervene in this matter as there is limited evidence to suggest that Google has behaved in an anti-competitive manner. Firstly it would be tough, in this case, to prove that Google had deliberately relegated other social networks in their search results. Furthermore, it is clear that in an internet based market such as this, Google have used no measures whatsoever to unfairly stop consumers from using their competitors services and perhaps the popularity of Google+ has been down to the great strength of Google's reputation as an online service provider. This therefore giving competition authorities little cause or need for intervention or regulation.

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