



Introduction

Convenience is the commodity that matters the most to our generation. Such convenience is mainly offered by platforms of large online companies like Amazon, Google, and Facebook. Each company provides convenience in their own realm and has nurtured a strong of dependence from its customers. Customers are accustomed to this comforting lifestyle; and this has surely fueled the growth of those companies throughout the past decades.

The expansion and growth of those tech giants are putting them in a position closer to a monopoly than ever. Governments and competition agencies have seen their tendencies harmful to the overall global economy. However, it is difficult to limit their actions through any legislations, especially the Sherman Anti-Trust Act, which was established in 1892. Back then, the law was effective in controlling standard oil and rail roads; however, they are deemed useless under today's business climate. Companies have long found loopholes in this outdated law and have fully exploited them to their greatest advantage. The importance of addressing the issue cannot be overstated. People are gradually falling into the trap of monopoly that we created themselves.



Key Terms

Anti-Trust Laws

United States Antitrust law is a collection of federal and state government laws that regulates the conduct and organization of business corporations, generally to promote fair competition for the benefit of consumers.

Sherman Anti-Trust Act

The first measure passed by the U.S. Congress to prohibit trusts. The Antitrust law that is currently being adopted. Established in 1892 and has yet to be updated.

Clayton Act

An amendment passed by U.S. Congress in 1914 that provides further clarification and substance to the Sherman Antitrust Act of 1890. The Act focuses on topics such as price discrimination, price fixing, and unfair business practices.



Monopoly

A monopoly refers to a sector or industry dominated by one corporation, firm or entity.

History

The initial establishment of the Antitrust law back in the 19th century was to breakup potential monopolies that were taking up mass market shares. An example would be Standard Oil, beginning to accrue greater and greater shares of the marketplace until they remained the sole suppliers available to the public for specific goods. The law effectively broke up excessive power upon major companies during that period of colonial independence.

Fast forward a century, the economic and business climate of the U.S has drastically shifted. Technology and data is deemed the most precious commodity of this era. Tech companies have realized that fact and have been seeking ways to acquire data through their platforms. Before the concerning issue of Amazon, the government has attempted to break up collaborating companies in suspicion of forming monopolies. In 2001, tech company Microsoft was accused of monopoly because of pre-installing Internet Explorer on their Windows 95 software. The trial was successful as the verdict of the trial was to force Microsoft to break into two separate units: one to produce the operating system, and one to produce other software components.

Problems raised

Amazon Business Model

The growth of Amazon in the past decade has made government officials and legislators to re-evaluate their perspectives on monopoly. For the past years, Amazon has opened up brick-and mortar shops across the country, shifting their field of retail from the internet to the real world. In a year of time, Amazon has become the fifth-largest chain bookstore in the U.S with seven bookstores. All of this could not have been possible without its online basis. Amazon has grown to be the largest online retailer, owning more than 49% of e-commerce sales in 2018. Amazon has also been diminishing the growth of small innovative companies. Nowadays, startup companies commonly use Amazon as a platform to sell their products to the general public. However, with all the consumer data that the company has full access to, Amazon is able to track down products that are selling well and directly contact the manufacturers and sell those products on its own website, keeping those small companies out of business.

Nevertheless, these statistics have not been able to accuse Amazon of being a monopoly. With the consumer data that Amazon possess, the company has created a platform called Amazon Web Services (ARS). ARS contains all the data of Amazon consumers and it is used by major parties such as Netflix, NASA, and even the U.S government. Other than serving as a sub-part of the Amazon company, ARS has also played a pivotal role in help avoiding the accusations of Monopoly towards Amazon. The retail side of Amazon has an interrelation with ARS, where it gives up profit to gain market share and consumer data; and the company will eventually profit from its web services. This business model of Amazon's does not break the cardinal law of the Sherman Antitrust Act, which is consumer welfare. It means that as long as the company is providing affordable and quality service, there is no limit to the size of the company.



Timeline

Year	Description of Event
1887	Creation of Interstate Commerce Act
1890	Creation of Sherman Anti-Trust Laws
1914	Creation of Federal Trade Commission's Act
2001	U.S government files trial against Microsoft of engaging in anti-competitive practices

Possible solutions

Consumer data monopoly should be the focal point of today's Antitrust law discussions. That should also be a basis on the renewal of the Antitrust law. The new law should fit into today's economic environment and focus on sub-parts of large companies. Governments and competition agencies should begin with large tech-companies that have been accumulating in user data. That will also prevent the misusage of data, which has been prevailing for the past few years, associating with companies like Facebook and Google. Transparency should also be emphasized amid the process of regulation; consumer data should be secured within the companies themselves and avoided from third-party purchases or usages.



DAISMUN X

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