

Development of the most influential digital companies in the world
Ph.D., Assoc. **Domashenko M.D.**
student **Lazis P. M.**
Sumy State University

Economics as a phenomenon has been considered by many scientists for many years. Many different scientific papers on how the economy should function have been written at different times. From the works of Adam Smith and David Ricardo, who were among the first to describe economics as a science, to the work of Karl Marx, on the basis of which a completely new economic model was later created, which would be completely opposed to capitalism. But still, as we can see in the modern world, most countries have switched to the model of capitalist economy. And despite some exceptions or deviations, such as Socialist China, which is largely on paper, but in fact has largely adopted almost all the features of capitalism, we can say that humanity has finally found the best possible form of economic functioning as individual country and the world economy as a whole. And everything would seem simple, you just need to create a market free of outside interference, including government regulation, and let the "invisible hand of the market" set prices, regulate sales, be able to produce any product and service and also buy any product or a service without any restrictions (except, of course, things that directly affect the safety of residents, such as weapons or drugs). There are many examples of the results of such non-interference in the economy: America, as a country with "ideal capitalism," the countries of Europe, China, which over the past 30 years, thanks to the course taken towards capitalism, have been able to get out of a long-term decline.

But, as it turned out, the situation is not so good. Almost every country in the world has a state anti-monopoly committee that constantly monitors and tries to regulate a variety of manipulations and dulling in the market. China, although being in fact a capitalist country, constantly interferes in the affairs of private companies, and in which case it may ask to regulate this or that case that the Chinese authorities do not like. This was the case with the NBA, when it was banned for speaking out by one of the managers of the NBA team in support of Hong Kong [1], or App Store, who quietly removed applications that were used by protesters in the same Hong Kong [2]. But the case with China is a case that cannot be regulated in any

way, as we saw with, for example, America, China is too powerful and produces too many goods to be pushed against the wall.

But lately, there is more and more news about private companies, which, are accused of a monopoly. Competition is one of the most important factors in market development. With many options and alternatives, the consumer has the ability to choose the option that best suits him, while companies compete with each other to attract the consumer's attention. This in turn leads to improvements in product quality. In the absence of competition, the market stagnation is visible, since the company has no motivation to improve the quality of products or, in principle, to take any action, since consumers will have no choice but to come to them. But in the modern world we can see completely different type of monopoly, companies that even with a large number of competitors not only have a large part of the market behind them, but also are accused of «monopoly power» in their benefit. Those companies have created a whole self-sufficient eco-system which can operate without any other programs and usually provide wide range of services which make customers to be fully satisfied with a particular product, which companies use in any way they can.

As an example of a big tech monopoly we can take Google. Everyone knows it. This company has the biggest searching network in the world and several other popular projects including for example YouTube, the most popular video-upload service in the world. Google has a monopoly in the markets of online search and search advertising. Google's dominance is protected by high entry barriers and the strong positions that Google has obtained across most of the world's devices and browsers. A huge number of entities—major public corporations, small businesses, entrepreneurs— all of them depend on Google for traffic, and there is no alternate search engine which could replace Google. The Justice Department charge Google on Tuesday of illegally protecting its monopoly over search and search advertising [3], In a lawsuit, the agency accused Google of dealing with giant partners like Apple and destroying competition through different business contracts and agreements [3]. Big tech companies nowadays are dominating the market and, as it seems to be, no one is able to move them from their positions. Google isn't the only exam. The same problems global market has with other giant companies such as Facebook, Amazon or Apple.

On 16 June in 2020 The European Commission has opened formal antitrust investigations to research whether Apple's rules for app developers on the distribution of apps through the App Store disturb EU competition rules [4]. In past Apple presented itself as an alternative to giants like Microsoft. Today Apple has become a monopoly, crushing potential competitors with fees and censorship on behalf of dictators. IOS software from Apple controls 25% of the global smartphone market (the remaining 75% is largely controlled by Google's Android), and nearly 50 % in the USA. This means that for over a billion people the only way to install apps is through the App Store. This gives Apple a tremendous impact on how software is created and used around the world. But the most damaging manifestation of this power is a terrific 30% developer tax, which is now the subject of antitrust investigations in both the United States and the European Union. Such a huge tax would be unreal in terms of usual competition, but when the only market which is installed in billion of phones is App Store, there is pretty nothing you can do with it.

The same situation we have with Amazon and Facebook. Amazon has significant and lasting market power in the US e-commerce market ... The platform has monopoly power over many small and medium-sized businesses which doesn't have any other alternatives to reach online consumers. "The dominant platforms collect real-time data which, given the scale of their user-base, is akin to near-perfect market intelligence [5]". If you want to sell socks online, you will do it on Amazon, but if Amazon starts its own socks business, be sure, your sales won't make you happy. Among all of the companies above Facebook looks the clearest, but in fact the biggest concern about Facebook is not about its monopoly, but about its privacy. Facebook's quality has deteriorated over time, due to lack of the competition, resulting in weaker privacy protections for users and a huge increase in misinformation on its platform. There is a whole saga of Facebook's failure in ensuring privacy for users starting back in 2018 [6]. And if almost every big company collect data about their users, with Facebook its especially dramatic. Facebook just as Instagram with it holds is a social media, where most people show big part of their life. And people don't like when some AI collects all the information about including private life and then sell it.

All these situations are terrific, but there is nothing that customers or other companies can do about. But, there are powers which are still bigger and in theory can take companies under control or at least reduce their monopoly on the market. On July 29 four leaders of technology giants were called in the US Congress to prove that their companies did not monopolize the market and do not impede fair competition [7]. Also, the House Justice Committee has published the final report on the investigation of fair competition in digital markets [8], the final result of many years of research and hearings and deep investigations. The message of the majority report is clear: Apple, Amazon, Facebook, and Google have gotten too powerful to stay out of control. Other companies are now also trying to move tech giants from their places with the help of courts. Epic Games, a tech company which owns its own digital game distributive shop and have developed Fortnite which is attracting more than 350 million players and billions of dollars in sales. Epic Game's trial against Apple in a federal court will begin on May 3, 2021. Epic sued Apple on Aug. 13, alleging that the iPhone company's rules demanding up to a 30% cut of app sales made on the iPhone and iPad are anticompetitive. The suit effectively forces Apple to defend the way it operates its App Store, the only gateway for developers who want to have their apps made available for download on the iPhone. In compare with other companies' statements this have already given a result: companies, which earn less than \$1 million per year now pay only 15 % instead of 30%. The rule should apply to an estimated 98 percent of iOS app developers that generated just a small 5 percent of the App Store's revenue last year. This decision has already been criticized by Epic's, saying that its just a way of clearing Apple's name before court.

What is the future of all the investigation and courts? Will big tech companies be taken under control and markets become more competitive-friendlier? It's all up to European and US courts. But one thing is clear, if those companies won't be stopped their power will only become more influential and in future who knows, maybe global governments won't be the first power in the world, but huge tech giants will take over the market, as well as our personal lifes.

1. One Year After China Banned the NBA, Basketball Returns to Chinese TV [Electronic resource] // The Wall Street Journal. – 2020. –

Access Mode: <https://www.wsj.com/articles/one-year-after-china-banned-the-nba-basketball-returns-to-chinese-tv-11602260786>.

2. By Mary Hui. Apple bowed to China by removing a Hong Kong protests map from its app store [Electronic resource] / By Mary Hui // Quartz – Access mode: <https://qz.com/1725175/apple-removed-a-hong-kong-protest-map-from-its-app-store/>.

3. Cecilia Kan. U.S. Accuses Google of Illegally Protecting Monopoly [Electronic resource] / Cecilia Kan, David McCabe, Daisuke Wakabayashi // The New York Times – Access Mode: <https://www.nytimes.com/2020/10/20/technology/google-antitrust.html>.

4. Antitrust: Commission opens investigations into Apple's App Store rules [Electronic resource] // European Commission. – 16. – Access mode: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1073.

5. Lina M. Kha. Amazon's Antitrust Paradox [Electronic resource] / Lina M. Kha // The Yale Law Journal – Access mode: <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>.

6. Facebook's latest privacy scandal: What we know about the company's handling of user data [Electronic resource] // USA Today Tech. – 2018. – Access Mode: <https://eu.usatoday.com/story/tech/2018/12/19/facebooks-latest-privacy-scandal-what-we-know-now/2361257002/>.

7. James Clayton. Tech giants Facebook, Google, Apple and Amazon to face Congress [Electronic resource] / James Clayton // BBC NEWS. – 29. – Access mode: <https://www.bbc.com/news/technology-53571562>.