

# **BACHELOR THESIS**

Who rules the future?

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### Abstract

Big Platforms, namely Meta, Alphabet, Apple, Microsoft, and Amazon, have exceptional business power, in their combination of instrumental- and structural power, with structural separated between platform, competition, and security. Their power over policymakers, consumers, and the business environments they act within presents the challenge of how to regulate a new type of business. Being a new phenomenon, the literature on the business power of Big Platforms is present but limited. This paper builds on existing research towards this challenge by introducing a new framework for applying Societal Harm to understand the relational power between Big Platforms and the US Federal Government's Regulatory Framework. We argue that Visible Societal Harm (VSH) is a requirement, but not a guarantee, to regulate Big Platforms. This paper engages with theories of business power to make a case study of the relational power between the US government and Big Platform. First, it explores the instrumental power of lobbyism exercised by Big Platform and its Societal Harm. Secondly, it analyzes three qualitative content analyses within the structural powers related to platforms, competition, and security. These powers are then explored in-depth, and the concept of Societal Harm is applied to each to assess the strengths and weaknesses of Big Platform to inhibit possible regulation from the Federal Government. Finally, it discusses which of Big Platform's powers are the most resilient to regulation. The results contribute to the literature by expanding the scope for business power of this unique group of companies, assessing which of these powers are the most and least prominent, and lastly, a framework for requirements for the possibility of overcoming this power from the Government.

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## Introduction

The question of business power in politics has long been prominent for academic scholars, policymakers, citizens, and, naturally, businesses themselves. Businesses act within a framework of legal rules set by the government representing citizens, while both citizens and governments are dependent on the business sector for performing essential functions. This mutual dependency between businesses and the regulators of the business environment leads to a situation of relational power constraining the power of both governments and businesses (Culpepper, 2021). Big Platforms, namely Amazon, Meta, Alphabet, and Microsoft, have become powerful entities as individual companies because of their imperative position in the functions of society at large. Citizens depend on and support these platforms, which are used daily for interaction and convenience, reflecting platform power. The US Government is dependent on it for technological advancements and their volume in the economy, reflecting its structural power. Big Platforms directly influence policymaking processes through lobbyism and expertise, reflecting their instrumental power.

On the other hand, these companies have come under scrutiny for being monopolistic in the market, abusing user data of consumers, and even influencing national elections through their unregulated behavior. This paper seeks to add to the literature on business power in the politics of Platform Companies in the United States. This leads to the research question of this paper; How does the power of Big Platforms inhibit the US Federal Government in regulating Big Platforms, and which conditions must exist to overcome these limitations? This paper will create multiple interlocking frameworks, analyze hearings and articles, build on the current understanding of Societal Harm and apply the concepts to explain how Big Platform could be regulated.

Firstly, it is vital to distinguish between Big Tech and Big Platform. While the Big Platform companies this paper focuses on (Namely; Amazon, Meta, Alphabet, Apple, and Microsoft) are also the titans of Big Tech and are colloquially referred to as Big Tech), this paper will analyze the power relationship between Big Platform and the US Federal Government by mainly observing and analyzing Big Tech's platform services. These services are Facebook (Meta), Google (Alphabet), Google Cloud (Alphabet), Amazon Retail, Amazon Web Services, App Store iOS (Apple), and Microsoft Azure (Oremus, 2017). This paper also focuses on Big Platform to limit the scope of an already broad topic. Big Tech could potentially include all major dataoptimized firms such as Netflix, Uber, and Twitter or even technologically optimized firms like Tesla and SpaceX (Oremus, 2017). Due to how expansive "Tech" as an industry is, this paper also decided to specifically analyze the structural powers these platform services enable within their ecosystem and outside of it. If analyzing Big Tech as a whole is furthered, this paper would need to account for an extensive amount of relational powers within the industry extending this paper. However, the Big Tech Giants are undeniably the

most powerful and influential companies in the United States. This is due to their services' distinctive "platformization" (Culpeper, 2019).

The power of Platform companies is exceptional, as platforms have become imperative for interaction and utility in the scale of countries. A handful of these companies dominate within the markets of operating systems for smartphones and desktops, online advertisement, online sales, and social media. Even cloud infrastructure, where according to a Canalys estimate, Amazon's AWS service, Microsoft's Azure, and Google Cloud stored 58% of all global cloud data (Canalys, 2020). The practices of Big Platform have opaque but substantial consequences on market competition, consumer welfare, technological development, and national security, with digital infrastructure, which has become essential to governments, businesses, and citizens alike (Beard, 2022). Therefore, it must be asked, "Why have these companies not been regulated heavily to ensure these consequences are mitigated?". This paper hopes to provide an answer to that puzzle. While the literature on Tech regulation is prominent, regulating Big Platform cannot be approached with the same tools as general Tech because of the exceptional business power of these companies.

The paper's structure is summarized and explored below, with the principle framing out of the way. Firstly, this paper will review the relevant literature that informs the theoretical framework and previous literature covering similar research questions. Then this paper will introduce the theoretical framework, which comprises the understanding of instrumental and structural power that informs the paper, the hypothesis for each section of the analysis, the inter-actor relations framework, and this paper's unique contribution, the Societal Harms framework. Then this paper will explore the research design and provide the reasons for case selection, choice of methods, data collection, and reflections on the methodology. Then, this paper explores the respective analysis of the five sub-hypotheses to answer the research question. Finally, the findings will be discussed and reflected upon with a lens of how this paper differentiates itself from previous literature and the implications on policies, the US Federal Government, and understandings of Big Platform.

## Literature review

The following section attempts to situate our research within the broader theoretical context of the state-market power relationships and review the strengths and limitations of the literature on Big Tech regulations. Therefore, it starts by providing a brief historical account of classical views on corporate power, focusing on the dominant instrumental and structural power literature and reviewing the strengths, limitations, and practical relevance of either perspective. Additionally, it will discuss the academic stances on industry regulation that continue to advise current discussions on the role of state intervention in the economy, mainly

reflected in Big Platform/tech literature. Lastly, it showcases the more recent literature on platform power and identifies the main gaps this paper seeks to address.

Conceptualizing corporate power relies largely on defining its different forms. In 2013 Stephen Wilks stated that corporate power has mainly been explained through five lenses: the pluralist, the partnership, the structural, the comparative, and the international (Wilks, 2013). However, a chronologic analysis of these spheres would seem logical to discredit the contributions of multiple highly accredited and influential scholars. Firstly, a historically classic definition of power stated by Robert Dahl is "A has power over B to the extent that A can get B to do something that B would not otherwise do." (Dahl, 1957). This showcases the nature of power that lies within relationships. Max Weber reaffirms this point with his description of power as "the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance "(Weber, 1978). These definitions prove useful in understanding the fundamentals of the term; however, critics such as Steve Lukes argue that power is more to be understood in a multi-dimensional view. Similar to Dahl's pluralist definition, the first dimension relates to the ability to compel others to do what they do not want to do. Secondly is the capability to prevent others from what they want to do or impose nondecision-making and agenda-setting power upon others. Lastly, the third dimension entails the power to shape the ways others think (Lukes, 2005). For the analysis of corporate power in this project, the third dimension is of particular interest as it allows for a critical analysis of more contemporary scholars. For instance, Pepper D. Culpepper claims that "business does not have the tools to keep the press from covering issues that the public might be interested in" (Culpepper, 2010). However, with recent technological advancements to social media algorithms, few big platform companies enjoy immense influence over their users' access to information. They are therefore partially responsible for building social and political opinions. In the age of media and Big Tech, Luke's third dimension has shifted from criticizing primarily mass media to social media, including some but not all big platform companies (Wissenburg & Schlosberg, 2018).

When examining the traditional ways businesses can use instrumental power to influence the political process, lobbying and campaign/party finance activities come to mind (Fuchs, 2007). A review of existing academic literature shows that businesses' lobbying and campaign and party finance activities have expanded extensively (Fuchs, 2005). In particular, on the national level, these developments can be explained by the increased political mobilization of business since the 1970s, furthered by the growing incentives for political decision-makers to provide business actors with privileged access arising from the increasing complexity of policy issues, concerns about economic growth, and rising campaign costs (Fuchs, 2007). Additionally, Eising and Kohler-Koch have identified increased individual lobbying activities by large corporations or small coalitions of corporations within the last two decades. This trend results in a shift of influence among business actors, specifically between small, medium-sized businesses and business associations on the one side and

large corporations (Eising/Kohler-Koch, 1994). These developments effectively mean more respective influence for Big Platform companies due to their immense resources and the increased political importance of individual corporations.

In his 1977 work "politics and markets," Göran Lindblom argues that corporate power results from a simple 'punishing recoil mechanism' enabled by a predominantly positive and privileged view of business amongst politicians (Lindblom, 1977). His view is structuralist and emphasizes the importance of business for investments and innovation within the economy. However, according to David Vogel, Lindblom over inflates the role of investments in the economy. He instead advocates for the more classical framework of interest groups to analyze the power of business practices in the economy (Vogel, 1987). More recent literature conceptualizes the power relationships between corporations and government as a mutual dependency (Culpepper & Thelen, 2020). Scholars such as Gerald Davis even attribute less power to business, as economic growth in developed countries has stagnated and slowed down throughout the 21st century (Davis, 2015). He states that the 'nexus of reciprocal relationships' was replaced by a 'network of contracts,' ultimately resulting in the 'platform-based business model' that has risen to prominence since the emergence of big tech (Thelen & Rahman, 2019).

In her work, Maha Rafi Atal recognizes that "these platform companies remain undertheorized within the political economy" (2020). Culpepper and Thelen have come forth with a way of understanding "business power that challenges current ways of thinking" (Culpepper & Thelen, 2020). Building on Culpepper's previous work' quiet politics', they developed a perspective focused on the consumer-platform relationship. They propose that the extent of a firm's platform power relies on its ability to nudge consumer identities and preferences rather than on citizens' political identities. This perspective directly acknowledges Luke's second dimension of power; however, it does not consider the third dimension regarding impacting and changing consumers' thoughts. Recent cases such as the Cambridge Analytica scandal in 2016 showcase the importance of addressing this aspect of Big Platform's power over its consumers. Atal manages to conceptualize platform power in a broader societal context and clarifies the many different roles platform companies fulfill within society. (Atal, 2020) Her research is essential in providing fundamentals for this paper. However, it lacks diversity in the case of selection as its analysis mainly focuses on Google/Alphabet as a single entity. This project will extend on Atal's work by further considering Big Platform companies as singular actors with overlapping political interests and strategies between individual companies.

Nathalie A. Smuha separates harm into individual, collective and societal harm. All three different types of harm are not mutually exclusive; societal harm, in instances, can include individual and collective harm but has an impact beyond it. Societal harm occurs when one or more interests of society are wrongfully

thwarted. In contrast with the first two types of harm, societal harm is thus not concerned with the interests of a particular individual or the interests shared by a collective of individuals. Instead, it concerns harm to an interest held by society, going over and above the sum of individual interests. (Smuha, 2021) However, Smuha applies the concept of societal harm exclusively to Artificial Intelligence (AI), where this paper distinguishes itself substantially. To answer the proposed research question, we will be deriving Smuha's definition of societal harm and applying it within the vast scope of Big Platform companies.

The topic of regulation is effectively as old as markets themselves. Adam Smith argued that markets are efficient and that individuals and firms in the pursuit of self-interest would be led, as if by an invisible hand, to actions that maximize societal well-being. While this remains a popular argument for his latter-day followers, scholars such as Greenwald and Stiglitz have refuted his claim. They state that if the information is imperfect or markets are incomplete, there is a presumption that markets cannot be efficient. Their most famous analysis case is arguably the American finance sector in 2007 (Stieglitz, 2010). Here the greed and pursuit of self-interest of one industry essentially led to a global economic meltdown. Most contemporary academic literature agrees that regulation is vital to a functioning economic system (?). The academic differences regarding the topic largely revolve around the methods and intensity/degree of regulation. Historically, similarities to aspects of the power big platform companies enjoy today can be found in the railroads industries in the late 1800s, which made a place for the anti-monopoly movement that resulted in the creation of the Interstate Commerce Commission in 1887 and the passage of the Sherman Antitrust Act in 1890. (Khan, 2018) Experts on the Sherman Act, such as the American judge Robert Bork generally argue for a minimal level of regulations stating that the fundamental paradox of antitrust enforcement is that legal intervention artificially raises prices by protecting inefficient enterprises from competition (Bork, 1978). Since publishing his work, the economy has become substantially more digital, which inherently changes the way the regulation of corporations is perceived. This new era of digital economies has seen the rise of unprecedented data-driven monopolies. Much of their success originates from the surveillance of their users through the ongoing monitoring of their online activities and their ever-expanding databases about the users of those respective platforms. Where traditional thinking would be to let the market be free and unencumbered by government regulation that could inhibit innovation and creativity, regulators are now waking up to the thought that this 'hands-off 'approach is potentially outdated in these new circumstances (Smyth, 2019).

Another relevant contribution in the literature on regulating Big Platform is the work of Mark Lemley. In "The contradictions of platform regulation," Lemley acknowledges the need for regulation but proposes that the fast developing nature of platform companies creates contradictions within the regulatory bodies that inhibit successful regulation (Lemley, 2021). While this paper largely agrees with the premises set by Lemley's argument, it extends on his work by adding a layer of analysis considering the Visible Societal Harm the lack of regulation Big Platform can cause. Additionally, Orla Lynsky adds two further claims to the literature on platform regulation. Firstly, the concept of 'platform power,' developed by Culpepper and Thelen, is both an under and over-inclusive regulatory target and should be replaced by the broader concept of a 'digital gatekeeper.' Secondly, existing legal mechanisms do not sufficiently reflect the power over information flows and individual behavior that gatekeepers can exercise (Lynsky, 2017).

Regarding the first claim, this project will primarily adhere to the initial approach to platform power, with gatekeeping capabilities being part of, but not the only way a big platform can exercise influence over regulatory issues. This paper broadly agrees with Lynsky's second claim and further highlights the difficulties in successfully measuring the extent of power that big platforms enjoy an overflow of information. This leads to the conclusion of this section and the identification of the literature gap this thesis will contribute. The theoretical approaches mentioned here all have relevant contributions to understanding corporate power, and some adapt better than others to the new concepts of platform power. However, the literature on in-depth studies of the development of platform companies is to some extent lacking, not least due to the rapid development of the companies in question. Therefore, the core contribution of this thesis lies within the focus on the Societal Harm that the lack of regulation upon Big Platform is creating. With potential effects ranging from stifling startups and undermining innovation to manipulating the flow of information and enabling foreign interference in fundamental democratic processes such as elections. The following section will operationalize the used theories and discuss what parts are employed in the analysis section of this paper. In this way, we can see what theories satisfyingly depict the different sectors of influence Big Platform has on the regulatory system and where gaps exist for further research on corporate power and the successful regulation of the same.

## **Theoretical Framework**

This paper shows how businesses as political actors in the US operationalize their power by analyzing and combining multiple distinct understandings of the enactment of their power over the government and creating a comprehensive and unique theoretical framework. This framework consists of applying Instrumental Power, Structural Power, an Integrated Actor System, and the unique contribution of this paper: Visible Societal Harm or VSH for short, into one system of understanding the power relations between the US and how businesses avoid and face regulation. Furthermore, several of the defining features and sub-concepts within the above theories are explored and elaborated upon, especially concerning how Big Platform interacts with the US Federal Government. This, in turn, helps guide the paper in concluding how Big Platform Companies inhibit the US Federal Government from regulating them. This section will also introduce the five sub-hypotheses that are explored and that emerged through the research.

#### **Instrumental Power**

Instrumental power for businesses is when businesses directly try to operate out of their normal operations to influence the legislature. The primary ways that businesses in the US exert their instrumental power are either through campaign finance contributions (Babic et al. 1, 2020) or by providing expert panels for legislation through think tanks or executive counseling (Persily & Lammie, 2004).

#### Lobbying

In order to understand the means corporations, have available to influence public policy, it is crucial to investigate further the precedent case that is the Federal Election Commission vs. Citizens United from 2008-2010. The Act prohibits corporations and labor unions from using their general treasury funds to make electioneering communications or speech that expressly advocates the election or defeat of a federal candidate (Fec.gov, n.d.). In January 2008, Citizens United, a non-profit corporation, released a film about then-Senator Hillary Clinton, a candidate in the Democratic Party's 2008 Presidential primary elections. Citizens United wanted to pay cable companies to make the film available for free through video-on-demand but feared that the film would be covered by the Act's ban on corporate-funded electioneering communications. The District Court of Columbia denied Citizens United a preliminary injunction and granted the Commission's motion for summary judgment. The Supreme Court noted probable jurisdiction in the case. (Fec.gov, n/a) Ultimately, the Supreme Court noted that the prohibition on independent corporate expenditures and electioneering communications is a ban on speech, and "political speech must prevail against laws that would suppress it, whether by design or inadvertence." The Court further held that "the rule that political speech cannot be limited based on a speaker's wealth is a necessary consequence of the premise that the First Amendment generally prohibits the suppression of political speech based on the speaker's identity." (Fec.gov, n.d.)

Due to an ever-growing populace and problems that the Federal Government was facing in society and governance becoming insurmountable to understand and solve through just government actions comprehensively, Lobbying serves as an exemplary mechanism that gives access to the legislature and highlights issues. Campaign Finance contributions also allow businesses to impose their will over disincentivizing legislatures from taking regulatory actions or solve problems within the current legal understanding that will benefit said businesses.

Assuming the lobbying literature holds, the first hypothesis is as follows:

# Hypothesis 1: The US Federal Government is inhibited from regulating Big Platform due to the platform companies' Campaign Finance contributions disincentivizing politicians from authoring, sponsoring, and voting for legislation that will regulate Big Platform.

The Big Platform companies spend millions lobbying for congress and developing think tanks where legislature members are involved. Two major platform companies, Amazon and Meta, have increased their contributions in conjunction with the increasing scrutiny (Washington Post, 2019). It is intuitive to believe Senators and Congressmen are interested in being reelected. This means opposing Big Platform either leads to an incumbent's opponent in the next cycle being given increased funding or, if the legislator has received contributions, Big Platform refuses to contribute during the next election cycle (Clapp, 2022). It creates less incentive for individual legislators to vote, sponsor, or author antitrust legislation, data rights legislation, or any legislation that regulates Big Platform. Otherwise, their reelection bids could potentially be less likely.

#### **Structural Power**

Structural power is how a business exerts its power by simply operating as usual (Culpeper, 2016), whether by its operational strength being integral to government functions (such as defense industries) or being integral to the broader workings of society, such as the Energy industry. This paper applies the broader frameworks found in the literature concerning the finance industry. It combines it with this paper's unique contribution to create a framework to understand the structural power of Big Platform.

#### **Platform Power**

Platform power is a unique understanding of a specific form of structural power proposed by Culpepper that relates to platform companies. These main contributions that inform this paper are within the theory of platform power. First, platforms having a position of reliance by consumers directly disincentivize regulation wants from the consumers. Second: Due to the essential services these platforms provide, there is a consensus among consumers that regulation from the government might cause the services to be either less convenient or costly (Culpeper, 2019).

In his work, "Are we all Amazon primed?" Culpepper introduces a mechanism that transforms the immense market power of Big Platform into political influence. Upon reaching a particular scope, platform firms foster and benefit from an advantageous alliance with consumers, who reinforce existing platform power

by contributing a substantial source of opposition to regulation that threatens the convenience users effectively depend on. "Who wants to be the politician who shuts down my access to cheap consumer goods delivered the next day through Amazon Prime or the information gateway that connects me to the world through Facebook?" (Culpepper, 2019) Effectively, Big Platform succeeds in getting it their way because it aligns successfully with the people's political narrative.

# Hypothesis 2: The US Federal Government is inhibited from regulating Big Platform due to the platform power Big Platform has, disincentivizing consumers from voting to regulate Big Platform

Firstly, this paper mechanizes how the consumer wants and needs are reflected in the legislature. The services and platforms in Big Platform are either essentially free (Facebook and Google) or "consumerfavoring" prices (Amazon). However, Apple and Microsoft are outliers in this definition and offer services that are integral to consumers (Apple owns 53.3% of the market share in smartphones in North America). In addition, Microsoft has the most widely used OS in the country. Regardless, the products and services these companies provide are not only highly efficient but also essential to the workings of the daily life of consumers, without any predatory pricing. As a result, consumers highly rely on these products while also having a high opinion of the services that Big Platform provides (Culpepper, 2019). So why would a consumer be interested in regulating free/low-cost essential services when they benefit from a system with a distinct lack of regulatory conduct? Applying the above understanding to government-constituent relations creates a dynamic where consumers are not supportive of regulation of Big Platform as a political platform and are thereby unlikely to support candidates or policy platforms that will be "hard" on Big Platform. Instead, Big Platform uses its platform power to influence consumers into siding with them or at least remaining passively apathetic towards the Federal Government's antitrust talks. This is done by providing essential services with the ability to cut out competitors from the market, creating a reliance on these platforms by the consumers. If regulation talks were to occur, consumers would fear the lack of alternatives, free/low-cost goods and services potentially disappearing or raising prices, and overall lessened convenience of the platforms (Culpeper, 2019).

#### Security

With the above established, it is imperative to understand that Platform Power is in full force among constituents and within the Governmental institutions themselves. While analyzing institutional reliance on platforms is not a part of "traditional" platform power (Culpepper, 2019), this paper would like to apply the understandings from previous literature from an institutional angle. Big Platform's platforms (AWS, Microsoft Azure, Google Cloud Computing) are also essential to National Security in the United States.

# Hypothesis 3: The US Federal Government is inhibited from regulating Big Platform due to the intensive relationship Platform companies have with the Federal Government to ensure and maintain national security and global hegemony in the US interest.

Firstly, it is imperative to establish how important National Security is to the United States and define National Security concerning the United States Government. *National Security* is defined not simply as the populace's safety from terrorists, military, and paramilitary. But instead, as "The primary objective of US foreign and security policy is to protect the integrity of its democratic institutions and promote a peaceful global environment in which they can thrive" and "to preserve the political identity, framework and institutions of the United States as embodied in the Declaration of Independence and the Constitution," as written by President Ronald Reagan in his declassified national security doctrine (Aftergood, 2012). This is mechanized today in US politics as foreign interventionism, national and international surveillance, and intensive spending on military and intelligence agencies. President Obama had even mentioned that "As President, I have often said that I have no greater responsibility than protecting the American people" in his National Security Doctrine (Aftergood, 2012).

Due to this philosophy dominating American Politics and Politicians, the need to be as advanced in securitization is essential to the US government. Technological optimization and advancements are in tandem with military and security power as natural to military and security. For example, the Atomic Bomb was a weapon of mass destruction used only for military supremacy. However, the discoveries made during the study have helped us understand energy and alternative fuel to Fossil Fuels (Nuclear Power Plants). The cloud computing platforms that Microsoft, Alphabet, and Amazon offer are essential to the US Government agencies that deal with information and data analytics (which are all intelligence and military agencies) (Moore & Tambini, 2018).

This is furthered by the threat/opportunity Quantum Computing has on the Global Hegemony. Explaining the concepts and workings of Quantum Computing is outside the scope of this paper. So the main functionalities and effect it has on international hegemony will be summarized in layman's terms. Modern computing is built on a system of hiding information and delivering information to only the intended recipient; this is a process called encryption. Top-Tier encryption algorithms (such as those used in Government and Corporations) take years, if not decades, to crack with modern computers. However, Quantum Computing is a technological development that theoretically is at least 1000x faster than modern computers (Rahman & Islam, 2015). This means that modern encryption will become obsolete upon the discovery of Quantum Computing, the effects of which will have widespread impacts on US interest-based global hegemony. These effects could

even include unauthorized access to American/Western Nuclear Codes or, inversely, the access to Chinese Nuclear codes (Drexel, 2021).

#### Competition

To fully understand platform companies' relations with the US Federal Government, it is essential to understand the Legal Frameworks that enable their activities and how it enables their economic power. For this reason, Legal and Economic frameworks are intertwined in one section as the respective powers tie into each other.

For some basic framing, modern antitrust law within the United States is based on the Sherman Act of 1890. The law explicitly favors organic monopolies but is preventative towards predatory monopolies. The overall ethos of the law is to protect consumers from the abuses of predatory monopolies, NOT to protect businesses from honest and strong competitors (Czere, 2017). This, in tandem with the Bork Interpretation of the Sherman Act (Bork, 1989), has led to the following legal understanding: the Consumer Welfare Standard. This understanding of the law states that the law's primary goal should be to maintain competition in favor of consumers. For example, if a monopoly existed but the prices were not predatory, it is a legal and favored monopoly. As such, this paper will introduce its fourth hypothesis:

# Hypothesis 4: The US Federal Government is inhibited from regulating Big Platform due to the general legal advantage of the current understanding of antitrust and data, allowing Big Platforms not to face legal consequences for anti-competitive actions and data rights abuse.

Big Platform Companies in the US are either free (Google, Facebook, etc.) or provide consumers with non-predatory prices (Amazon Basics) or provide services for competitive and reasonable prices (Amazon Web Services, Microsoft Azure). Their market power is enhanced heavily by their services being reasonably priced, and while generally, they may inhibit competition, they do so by undercutting their competitors (Andersen, 2014). By undercutting other possible competitors and leveraging the resources at hand (which are far more substantial than any competitor) along with leveraging their platform power which has been enabled by the legal frameworks built by precedent, Platform companies become major economic powerhouses that are essential to the general workings of the economy of the United States that have a safe position in the economy.

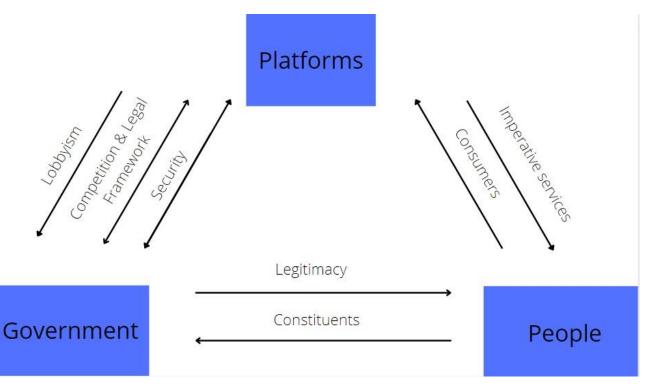


Figure 1

#### **Integrated Actor-System Framework**

Above is an infographic outlining this paper's understanding of the relationships between the three principal actors. This paper focuses on Platform companies, the US Federal Government, and People. This section will seek to apply the above sectoral functions (Platform Power, Security, and Competition) into a cohesive framework that outlines the relationships in said system and how this paper will assume their actions can/could lead.

#### Government

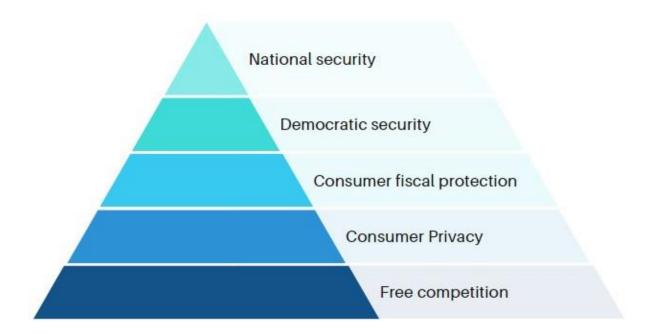
The United States of America Federal Government is a democratic constitutional republic, which means (ideally) it is at the mercy and whims of its constituents. These constituents include people and corporations (Big Platform Companies, for example). Due to the Citizens United Ruling, this paper will run under the assumption that some corporations have intensive power over influencing legislation through campaign finance contributions (Evers-Hillstrom, 2020). However, the Federal Government is also intensively focused on maintaining the USA's global hegemony and the nation's security (Aftergood, 2012). Therefore, it seeks and maintains relations with corporations that empower and advance the government's primary goals. Creating a linked interdependence between Big Platform Companies and the Government, as their scope and

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scale provide the Federal Government extensive amounts of global information, specialized services that maintain the government's "hard" power, and the continuation of American "soft power." While Big Platform relies on Government contracts, sponsorships, and assistance in scaling to dominate its markets abroad (National Affairs, 2022).

Additionally, The Government is held accountable by the people due to <sup>2</sup>/<sub>3</sub> branches being electable (Congress and the Presidency). Although, the Judicial Branch is, in all aspects, technically elected by proxy (Whitehouse, N.D.). Despite this, due to its lack of direct elections and lifetime appointments, it has the power to guide the national legal discourse that could, in theory, be the opposite of where public discourse is (Haines, 1908). As this goes without stating, the government's actions affect its constituents. However, constituents have a relational power with the Federal Government by voting and engaging in public discourse, which affects the positions and legislation elected officials present or sponsor.

As such, for this paper, it will be assumed that the United States of America Federal Government prioritizes its focus as follows:



#### People

By people, this paper will be referring to the population of the US, including citizens and residents.

This paper (based on the literature) will assume that people, as consumers, are rational fiscally and seek the best prices for their purchased goods and services (Culpeper, 2019). This paper will also assume that the average consumer is either apathetic or lacks knowledge that Big Platform's free (and even paid) services and goods are enabled and empowered by the data they take from consumers. However, it is crucial to note that concerns among consumers are on the rise (Lucas, 2021). This paper will also assume that consumers hold a mixed-to-favorable trust and opinion of the Big Platform Companies (Amazon, Apple, Microsoft, Meta, and Alphabet) (Guskin, 2021). However, consumers highly believe the companies and their services provided (Johnson, 2021) and seemingly hold Big Platform Companies in high regard.

The above framework contrasts constituents' opinions on the Federal Government. With 57% of the populace feeling "frustrated" with the Federal Government (Pewresearch, 2021) and only 20% of US adults having a favorable amount of trust in the Government (Pewresearch, 2021). Big Platform's trust and favorable opinion are also massively contrasted from people's trust in other industries, namely, the financial sector. For example, 12% of adults from ages 18 to 39 (also the most likely age group to interact heavily with Big Platform companies) have trust in "Wall Street" (Gamm, 2015). (Note: in both cases, "trust" is defined as "will do the right thing in most if not all cases"). People's lack of trust in the Financial Sector (especially the post-2008 subprime mortgage crisis) is also shown by movements such as Occupy Wall Street and the platforms for which presidential candidates garner massive support. For example, Senator Bernie Sanders found overwhelming support from people during both his presidential runs, in no small part, due to his extensive platitudes and talks of regulating Wall Street (Stewart, 2019). It is also important to note that the American people are incredibly divided politically and are increasingly more partisan than they were 20 years ago (Pewresearch, 2020). This intense divide enables an incredibly divided and partisan government on nearly every issue, including heavily economic regulation.

This paper will run under the assumptions that the American people are rational fiscally, hold high opinions on Big Platform's Services, and are more concerned with the financial industry regulation than the tech industry. This paper will also assume that the American people are incredibly divided and partian and show a general mistrust (on average) of the Federal Government.

#### **Big Platform**

Platform companies have had a distinct analysis of their activities and how they were enabled extensively above in the Hypothesis Section. To summarize, Big Platform companies seek to expand and make a profit. They do this by providing essential services to Consumers and the Government while also being enabled by the current interpretations of antitrust acts in legal discourse, as well as using their market share and platform power to give consumers diversity and low prices in goods that create a system that massively disincentivizes regulatory conduct both from Government and the people (Culpeper, 2019).

It is also important to note that Big Platform has an exceptional power within the modern world and economy due to its position as a vast industry that operationalizes multiple forms of business to create profit. This is shown by the various subsections of the industry Big Platform controls (Social Media, Hardware/Software Ecosystems, Online Retail, Search Engine Utilization).

#### **Societal Harm Framework**

This paper will also try to tackle an important question: "What are the causal mechanisms that could lead to the regulation of Big Platform Companies?". This paper will introduce and attempt to prove a new understanding of why regulation has not occurred on Big Platform and attempt to prove this conceptual understanding.

It is firstly important to define some key terms. This paper will define Societal Harm as a wrongful setback or the denial of the interests of society (interests: which can be physical, legal, financial, or social) (Feinberg, 1984). As well as the divisions of possible harms: individual, societal, or collective (Smuha, 2021). As mentioned in the literature review, societal harm is defined as: "When one or more interests of society are denied or thwarted" (Smuha, 2021).

This paper will use the 2008 Subprime Mortgage Crisis as an example to illustrate Societal Harm. Individual harm exists because individuals lost their homes, pension funds, and savings due to an unregulated market of financial instruments (Collateralized Debt Obligations and Mortgage Bonds) trading that the entire financial economy was reliant on crashing (Baily, Litten, and Johnson, 2008). Collective harm exists as the crash affected multiple people and industries. For example, after the 2008 Financial Crisis, the global economy lost \$4 trillion in economic growth. Millions of people lost their homes and jobs due to similar housing bubbles to the United States existing in France, England, and Iceland (Mckinsey, 2018). Societal Harm is shown in the 2008 Financial Crisis as the abject goals of society were thwarted when millions of people lost their homes and jobs, the global economy lost trillions in growth, and the entire economic system was on the verge of collapse (Lewis, 2015).

The above illustration leads to this paper seeking to distinguish between Visible Societal Harm and Invisible Societal Harm. The 2008 Financial Crisis is an example of Visible Societal Harm. It leads to a consensus between governments and constituents/consumers that the industry, in status quo, is negatively affecting society. Therefore, the societal harms heavily outweigh the benefits gained in the status quo. Due to the existence of VSH during the 2008 Financial Crisis, the United States Federal Government passed regulations to try to contain the harms wrought onto society and prevent another similar financial crisis from happening (US Gov, 2009). However, the increasing delinquencies and subprime borrowers led to the crisis and Invisible Societal Harm (to continue with the above example). As such, despite the harms existing for years before the 2008 financial crisis, such as thousands of people losing their houses, ABX dips, and general slowdowns in economic growth (Lewis, 2015), there was little to no action from the Federal Government.

With the above analysis, this paper makes the following assumptions: 1) Visible Societal Harm must be massive and affect people and governments heavily. 2) Invisible Societal Harm, despite thwarting society's goals and potentially leading to Visible Societal Harm, does not catch enough attention to be curbed. 3) The pathway to regulation is through the existence of VSH. It is derived that the critical difference between Invisible and Visible Societal Harm is the scope and degree of the harm to the broader society (In this case, the American Society). Firstly, this paper must differentiate between Invisible and Visible Societal Harm. Invisible Societal Harm is a social harm that People and the Government can live without addressing. Visible Societal Harm is a social harm crisis that requires immediate (or as close to as possible) action. In other words, Invisible Societal Harm is seen as just an unfortunate consequence of the status quo. In contrast, Visible Societal Harm is seen as a consequence of a damaged status quo that requires fixing.

# Hypothesis 5: The US Federal Government is inhibited from regulating Big Platform due to a lack of VSH shown by the Platform Companies.

Applying the above understandings to Big Platform, it can be seen that there is attention towards the obvious societal harms that Big Platform brings. These harms are data rights abuse, anti-competitive practices, labor rights concerns, and increased weaponization of Data and Computing Solutions. However, this paper will show that because these harms are considered "normal" under the status quo, they would be considered under Invisible Societal Harm as the harms do not outweigh the benefits of Big Platform's operations. This paper frames the recognizable Invisible Societal Harms on Big Platform, as seen in the Government and the People's eyes, as an unfortunate consequence. This means that until Visible Societal Harm presents itself, this paper theorizes that regulation on Big Platform will be unlikely.

### Research design

This chapter will focus on the methodology applied in this paper, with its implications in terms of how the chosen methods help answer the research question and the theoretical and practical limitations. The purpose of this paper, how the power of Big Platform inhibits the US government in regulating Big Platform, to address the literature on regulation of the tech industry has not yet comprehensively explored the exceptional power of Big Platform. This paper addresses several hypotheses to understand the power relationship and interdependence between Big Platform and the US Government and find under which circumstances the Government can overcome the inhibiting factors. For this purpose, is an exploratory and concept building case study with elements of cross-sectional design chosen. The analysis is guided by a grounded theory approach, structured with a qualitative content analysis based on a purposive sampling of critical cases, followed by a theoretical sampling of data based on the critical cases. The structure will first reflect on the strengths and weaknesses of the case selection in their ability to answer the research question. Second, the reasoning for the choice of method to approach the cases. Third, discuss the limitations of the data collection considering the context and intention. Fourth, considerations of how the choice of method(s), and data sampling, work in conjunction with our stance on philosophy of social sciences, being soft positivism. Fifth and final, will the quality assessment criteria be applied to the methodological choices of this paper.

#### **Case selection**

To answer this paper's research question, a case study with cross-sectional elements has been deemed appropriate, with a logic of case selection being a purposive sampling of a critical case. Critical case studies have been chosen because of their ability to understand the circumstances that relate to the research question (Bryman, 2016), here relating to when the Government can regulate Big Platform. To this end, this paper focuses on the case of the power of Big Platform concerning regulation from the US Federal Government. This paper focuses on the US case of regulating Big Platform, as the companies are primarily based in the country, making them supposedly the most powerful entity to regulate Big Platform. The focus on the regulation of the US is similarly critical, with the US history and literature on regulation, specifically on monopolies like the financial industry, and of the consequences when regulation does not avoid business practices to initiate crises like in 2007 (Lewis, 2015).

Big Platform is the five major Tech corporations with platform presence, Alphabet, Meta, Microsoft, Apple, and Amazon, inspired by Culpepper (Are we all Amazon Primed?). These are chosen because of the exceptional power of this group relating to politicians, the market, the citizens, and the Government. They are all in several market areas with platform power specifically, separating them from, e.g., Twitter which is limited to a communication platform. Although the Big Platform companies are similar in many regards, they are also in various sectors that do not overlap. They are, however, still approaching incoherence because the companies

in this group hold unique power in isolation from each other, but which is all based on the standard premise of Platforms in several business areas, being central to the research question. This paper does not evaluate the unique power of the individual firms vis a vis the Government, as the aim is to understand this new type of business and their power about a state's power, rather than the specifics of unique companies' relational power.

The Government's regulation of these companies is targeted towards specific legislation that will affect the power of these companies, being regulation that directly affects Big Platform's distinct competitive abilities. This is to keep the scope of this paper explicitly focused on Big Platform. While, e.g., regulation on labor conditions and working hours of employees affects all American companies, is this not related to the exceptional power of Big Platform. The regulation of the case is then focused on the competition, which can be applied to any industry, and data, which is unique to the Tech industry led by Big Platform.

#### Methodology

The methods employed in this paper to explore the relational power of the US Federal Governments and Big Platform within the scope of regulation and develop a new concept for understanding the conditions required for regulation is qualitative content analysis (CA) followed by further analysis approached with grounded theory. The content analysis is separated into three distinct content analyses, coded as competition, platform, and security, and applied to the same data. As fits qualitative content analysis, there were initial categorizations of the coding. However, each analysis was refined on categorization. Accordingly, with qualitative content analysis, there were efforts for mutual exclusivity and exhaustiveness in the analysis. Exhaustiveness was accommodated through the continuous refinement and improvement of the coding scheme, similarly serving to minimize residual categories.

The coding analysis was operationalized with NVivo. For content analyses, it is essential to distinguish between qualitative content analysis to collect and analyze data. This analysis has elements of both. The content analysis categories themes from the documents by subsetting data relating to the subject of each CA. This data is then analyzed in terms of dominant themes within each subject, using word frequency and identification of issues. The coding was done concerning initial concepts and the data encountered in the analysis and separated unimportant aspects of the documents from the analysis (Schreier, 2014). The content analysis intends to reflect how policymakers from the Government and Big Tech representatives communicated in the context of the issues. The process for the content analysis was to construct a preliminary coding scheme for each subject. As the coding presumed, the themes mentioned in the cases and their relevance to the research question were refined. The hierarchical coding scheme provided insights into the issues of the text and laid the foundation for the following grounded approach. The advantage of qualitative content analysis is its interpretative capabilities

on a superficial level, as this part of the analysis is focused on the explorative element and identifying these themes with the grounded theory approach aligned the refinement of the coding scheme to be based on the data, which provides consistency and coherence to the analysis, and the later concept building sections. Relating the analysis to the process and outcomes in the grounded theory figure in appendix 1 is the qualitative content analysis steps 1-4.

The second part of the analysis with the grounded theory approach is hypothesis building, with its distinctive feature being movement between and comparison of data and testing emerging hypotheses (Bryman, 2016). The final hypotheses tested in the analysis are grounded on the research within the subjects and on existing theory related to the subjects to build on top of existing research and elaborate on it. Campaign finance is inspired by instrumental power, with the platform, security, and competition, from structural power theory. The grounded theory led this part of the analysis to encompass all relevant factors within each subject, which was less prominent from the content analysis, helping to explore the relational power of Big Platform and the Government. While exploring this relation, the outcomes of the grounded theory did lead to the hypothesis posed for each subject. The hypothesis building aimed at understanding the relational power within each hypothesis based on and supplementing the findings of the qualitative content analysis. Relating this part of the analysis to appendices 1 is steps 5-7, the outcomes providing saturation to the analysis's subjects to develop the hypotheses tested. The VSH part of the analysis is concept generating, based on the data sampled until theoretical saturation was satisfied in grounded theory. This was constantly related to the previous findings, crossing the subjects to have coherence in the analysis and within each subject to generate the final hypotheses through triangulation (Bryman, 2016) across the analysis. They related this part of the analysis to appendix 1, these steps 8-11.

#### **Data collection**

The methods found to approach the research question coherently, analytically, and address the gap in existing literature was chosen concerning available data of interest. This is because of the opaque nature of power relationships between the actors and is unobservable. The observable phenomenon is clashes between the Government and Big Platform with respective outcomes. Therefore, the data collection is separated between the data gathered for the qualitative analysis and the theoretical sampling employed in the later analysis.

The critical case selection is on the power of the US Government to regulate Big Platform domestically in the areas of competition and information. The critical case chosen within this frame for the content analysis is hearings in the legislative bodies focused on the regulation of Big Platform to find the issues mentioned in this specific context. Two hearings were chosen, respectively "Online Platforms and Market Power, Part 6: Examining the Dominance of Amazon, Apple, Facebook, and Google" (House Committee on the judiciary) and "Does Section 230's Sweeping Immunity Enable Big Tech Bad Behavior?" (US Senate committee on commerce, science & transportation). While the hearings did not include witnesses representing Microsoft, for this paper, will be assessed as representative of the Big Platform, which fits the explanatory intention of the content analysis. The Government officials represent the Government directly, and politicians represent the people as their constituents. Transcripts for the hearings were found and analyzed. The challenges of data collection for the content analysis were in areas of contestation, which included the participation of the significant actors or representatives. This is why legislative hearings are found to accommodate these challenges best. While the Government favors this format for their communication, does it present the Government's attempt to regulate Big Platform? The data for the content analysis is sampled from July 29th and October 28th, 2021, adhering to a single timeframe with more than one case period (Bryman, 2016). Although generally more cases are recommended, the Senate and the House transcripts over 9 hours were assessed to be sufficient.

The theoretical sampling for the analysis was made related to the various subjects of the hypotheses, lobbying, platform power, competition, security, and related VSH sections. There are official government websites for lobbyism, in particular, OpenSecrets, made to provide transparency for the public about lobby activities (OpenSecrets, 2022). Platform power is predominantly an academic concept, but because tangible practices reflect it, there is essential data to analyze from various academic papers and news articles from credible sources such as the Wall Street Journal, Forbes, New York Times, and The Washington Post. The overlap between platform power and competition generally led to similar sources for these subjects. Competition, however, is expanded to include legal documents from the US Government, in particular with relation to laws and interpretation of these. The academic papers used in this section for regulating monopolies and powerful companies are also considerable and available. For the security subject, the data collection on several subjects was easily accessible through mainstream political material; however, when relating to military and quantum computing, specialized sources were required, which was more limited but not to a degree where the data collection was inhibited.

#### **Philosophy of Social Sciences**

With this paper's chosen research focus and methods, neither hard positivism nor interpretivism resonates as an ideal science philosophy. When it comes to a societal understanding, there are two primary

forms of positivism: hard positivism and soft positivism. Hard positivism is based on the concept that social reality is based on an x and y relationship, i.e., a cause and effect relationship. This means that regularities are invariant and will remain constant in any era they may show up. (Buch-Hansen, 2020) Soft positivism differs. Instead, it states that some parts of social reality may be variable even if it is unobservable. Instead of an X and Y relationship, soft positivism has an X under conditions. A leads to Y. (Buch-Hansen, 2020). With these definitions held, this paper incorporates a soft positivist philosophical approach. The following section will introduce the ontological, epistemological, and methodological assumptions that result from the chosen perspective and attempts to explain how it guides the research to ensure coherence between research design and choice of methods. Firstly, a short reflection will be provided regarding the suitability of soft positivism for ontological and epistemological assumptions to complement the chosen research design. Second, how the soft positivist methodology is applied to answer the research question successfully.

Ontologically, positivism is formulated on the idea that human behavior has consistencies and similar characteristics despite the culture, period, etc., that diversify the human experience (Buch-Hansen, 2020). This paper follows this objectivist approach by acknowledging a 'real world' independent of scientific research with current recurring events (Moses, 2019). This implies that social entities are treated objectively within an external reality by relevant social actors. Following, it means that institutions and culture are also treated as externally given and build the framework that enables and constrains the behavior of said social entities, instead of behaviors being a dynamic and ever-changing result of social actors' attitudes (Bryman, 2016). Due to its origin lying in the natural sciences, positivism departs from critical criteria for knowledge creation. This results in various academic criticisms towards applying positivism to explain phenomena in social sciences, as the social world is less accurately measurable. Opposing epistemological ideals, such as interpretivism, pursue the total separation of the subject matter of social science from natural science, as they are assumed to be fundamentally different (Dunne et al., 2010). The strong positivist epistemological approach to discovering generalizable laws that incorporate causal mechanisms is too strict and does not allow sufficient room for different perspectives to be considered. Instead, allowing different epistemological stances to be recognized as a spectrum from hard positivism to interpretivism let's most studies be identified somewhere on this spectrum, with only a few taking an ideal-typical approach (Freyberg-Inan et al., 2017). This paper situates itself toward the positivist side of the spectrum and incorporates a soft positivist philosophy of science to answer the proposed research question.

In coherence with previous soft positivist research, this paper employs an inductive mode of reasoning by formulating emerging hypotheses based on the analyzed data. In the background of soft positivist philosophy, the research question this paper proposes is of a positivist exploratory nature with an implicit interpretative element. Answering what inhibits the United States federal government from regulating Big Platform requires to some extent, a basic understanding of their behaviors. (Bryman, 2012) By accepting that there are moral principles within research, the soft positivist will be forced to deal with several counter arguments and criticisms. (Diener, 2006) In its complex form, positivism stresses the importance of separating facts from values. However, precedent shows that naturalist elements can be successfully combined with positivist research. (Bevir & Blakely, 2018) For our research, ideas and shared beliefs are addressed as objective and externally given to ensure coherence with the positivist criteria of value-neutrality. "Accepting moral principles in the law is coherent with soft positivism by either the rule of recognition or through precedent" (Diener, 2006).

#### Methodological considerations

This section approaches the methodological choices concerning qualitative research assessment criteria, namely reliability, and validity, to assess the strengths and weaknesses of these choices. Specifically, are the criteria drawn from LeCompte and Goetz adaptation of these criteria to qualitative research (Bryman, 2016). However, reliability and validity have been used to assess the research rather than the trustworthiness criteria. This is because of our stance of soft positivism, with the alternative criteria being more applicable to stances that include a social reality to assess the research in this scope (Bryman, 2016).

The internal validity of the research, the coherence between the observations and the emergent theory, is vital, as is often the case in qualitative research (Bryman, 2016). The chosen methods with a grounded theory approach ensured that the data and the theory were mutually contingent. The initial qualitative content analysis, refined according to the data, ensures cohesion. The sampled data can be criticized for the hearings being political actions rather than an unobtrusive showcase of relational power and biased towards the political agenda of politicians. However, as regulation is Government inhibiting the market, it is similarly based on politics.

Consequently, does the data still relate directly to the research question and the analysis? In the analysis of the hearings, incoherence within the Government depends on political affiliations regarding how to regulate Big Platform. This insight is not explored in-depth, but it does provide a possible alternative explanation for the US Government's ability to regulate Big Platform. However, as that explanation is irrespective of Big Platform power, the research is still valid as it is only in the relation that the Government's regulatory powers are explored. For the subsequent analysis with its grounded approach and sources, it can be argued that the scope of the paper within the instrumental- and structural power is too broad to be sufficiently explored. This does reduce the internal validity. This paper aims to understand the relationship within all the subject areas to provide a coherent picture rather than an in-depth study of a single subject.

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The degree of external validity, particularly generalizability, is not high in the research conducted in this paper. Generally, in the case of studies, the generalizability is relatively low (Bryman, 2016). This case is specific to a distinct group of companies, a federal government, and finally, the constituency of a country. This limits the generalizability as the actors vary substantially across the world. The VSH, created as a theoretical concept, is grounded in the specific case analysis. The degree to which this concept can be applied to other groups of companies, entire sectors, or specific companies is presumed to be weak in its explanatory ability. However, without having applied the concept to another setting, can it not be definitively said that the generalizability of the concept is low. However, the research of the case itself has a low degree of generalizability.

The internal reliability in the research is mixed but leaning toward a higher degree of internal reliability. This is predominantly applicable to the content analysis of whether the coding scheme is explained sufficiently to avoid incoherence between the researchers. To improve the internal reliability, double coding is used through two different researchers coding parts of the same material. The coding was refined until there was a slight variation in categorizing the text according to relevance within each dominant theme. After that, however, some variation was found in the exact coding.

For this reason, is the internal reliability acceptable, with clear strengths and some recognized weaknesses. The secondary part of the analysis of grounded theory in qualitative research is disposed towards less internal reliability, as it highly depends on the emerging hypotheses and data used to test them. This is mitigated by running correspondence between the researchers.

The external reliability in terms of replicability is generally tricky to accommodate in qualitative research. This is also the case for the research conducted in this paper because of the nature of what is being researched and the methods employed. In addition, the case studies relational power, which is not constant and can change. As the content analysis and the following analyses are made in conjunction with the data collected, are these factors that reduce external reliability.

### Analysis

This analysis is structured according to the proposed hypothesis in the theoretical framework. The instrumental power hypothesis is firstly approached, to analyze how Big Platform uses lobbyism to influence the public agenda, and the legal justification for these practices. It is followed by the structural power hypotheses, from the outset of the content analysis, and concludes with the consequences of Societal Harm. The content analysis carried out over transcripts of the two hearings, respectively on antitrust (Rev, 2020) and

on Section 230 related to privacy (Rev, 2020), has led to interesting findings of how government representatives and Big Platform representatives communicate, within the given context. Three sections analyzing the structural powers of Big Platform will be provided. Firstly, Platform power to examine how people and the Government is dependent on Big Platform, and how Big Platform uses this power. Secondly, how the competition is affected by the market power of Big Platform and their practices within the regulatory legal framework, and how this power inhibits the US Government from regulating Big Platform. Finally, how Big Platform is active within several areas of national security, to the benefit of the US Federal Government, and how this dependency inhibits regulation.

#### Analysis – Instrumental power

#### FEC vs. Citizens United

Throughout the congressional hearing on antitrust practices, the importance of Citizens United v FEC as a precedent case is recognized for its impact on Big Platforms' political strategies: "Citizens United is what gave corporations the power to go out and spend money. Moreover, if you don't like the way that some companies are spending money, then either start your own company or tell them what's wrong with it. But the idea that electioneering is something you're opposed to just strikes me as completely inconsistent with the history and the facts" (Antitrust Hearing, Raskin, 04:50:52)

As established by the theoretical framework, Citizens United v. FEC is a precedent building case that allows powerful corporations to voice their speech by donating unlimited funds to campaigns and politicians. This means that Big Platform, the highest market cap company globally (S&P 500, 2022), has the financial power to influence legislation and the political discourse concerning them heavily.

#### Lobbying

Amazon, Apple, Meta, and Alphabet inc. Each dramatically increased their lobbying budget and political presence in Washington, D.C. throughout the last decade. During the 2010 election cycle, the mentioned companies spent \$19.2 million lobbying Congress. In the consecutive eight years, their spending on political contributions increased substantially to \$118 million marking a growth of 400 percent from 2010 to 2018. Of the four largest Big Platform companies, Amazon grew its investments the most. Between 2016 to 2018, Amazon almost doubled its active lobbyists and, in 2018, even matched the size of Google's ranks

(Chung, 2021). "Nearly all (94%) members of Congress with jurisdiction over privacy and antitrust issues have received money from a Big Tech corporate PAC or lobbyist. Just in 2020, Big Tech PACs and lobbyists have contributed about \$3.2 million to lawmakers tasked with regulating them." (Chung, 2021).

# Table 1: In less than 10 years, Big Tech rocketed to top of lobbying spender list

Top 8 individual corporate spenders\* on federal lobbying, by year

Rank	2010 2017		2020		
1	PG&E Corp	Google (Alphabet Inc)	Facebook Inc		
2	General Electric	AT&T Inc	Amazon.com		
3	FedEx Corp	Boeing Co	Comcast Corp		
4	AARP	Open Society Policy Center	Lockheed Martin		
5	ConocoPhillips	DowDuPont	Boeing Co		
6	United Tech. (now Raytheon)	Comcast Corp	Northrop Grumman		
7	Boeing Co	Lockheed Martin	Raytheon Technologies		
8	Verizon Communications	Northrop Grumman	Unilever		

Table 2: Facebook and Amazon are now the top lobbying spenders\*

Top 8 individual corporate spenders\* on federal lobbying, 2020 in \$

Rank	Lobbying Client	Total Spent
1	Facebook Inc	19,680,000
2	Amazon.com	18,725,000
3	Comcast Corp	14,430,000
4	Lockheed Martin	12,960,810
5	Boeing Co	12,630,000
6	Northrop Grumman	12,050,000
7	Raytheon Technologies	11,960,000
8	Unilever	11,460,000



The shown table clarifies tow significant findings:

1. Big Platform has overcome previous lobbying industries in Big Oil and Tobacco.

\* Exclu spend

2. As of 2020, Facebook and Amazon became the two biggest corporate lobbying spenders in the United States.

Furthermore, Big Platform's lobbyists enjoy a comparative advantage opposite to other industries in terms of quantity and degree of influence. Among the ten most prominent lobbyists to contribute to the 2020 election, five lobbied for one of the four Big Tech companies. These five lobbyists contributed over \$2 million to influence policy and finance political candidates. Between 2018 and 2020, Big Platform political action committees (PAC) lobbyists and employee donations increased by over \$4 million, marking 33% growth. (Chung, 2021) With increasing consumer awareness of negative aspects of the Big Platform business model, respective companies must steadily improve their lobbying investments to influence public policy in their favor.

It should be noted that most efforts are concentrated on the national level. Primary political bodies are most committees of Congress that address legislation and administrative agencies responsible for drafting or enforcing regulations. Historically, lobbyists have access to extensive networks in public and private entities, including members of Congress and often even within the executive branch. Naturally, many lobbyists have, at some point in their career, worked in government branches themselves. Effectively, this results in a working culture where at times, lobbyists have multiple years of experience working side to side with government officials they are now trying to influence (Chung, 2021). Through their extensive networks, they receive invaluable insights into domestic political processes in Washington. A concrete example of the quality of political ties Big Platform has available in Washington is Cynthia Hogan. They were previously vice presidents for public policy and government affairs at Apple. Hogan started an advisory position in Joe Biden's election campaign team. Hogan is a longtime Biden aide, having served as chief counsel to the Senate Judiciary Committee when Biden was chair. Additionally, she continued to counsel President Biden after his successful election. (Heater, 2020)

At times, despite pursuing different individual lobbying strategies, there is considerable overlap in political interests for Big Platform. Being the primary e-commerce business in Big Platform, Amazon has been actively lobbying in policy areas that streamline online sales taxes (Evers-Hillstrom, 2018). However, as a business that supplies cloud storage services to government agencies such as the Central Intelligence Agency, Amazon also spends considerable resources to lobby for favorable policies for future developments in cloud computing and identity recognition technology (Feiner, 2020). Since being at the center of a privacy scandal in 2018, Meta (than Facebook) has increasingly attracted negative attention that grows suspicions questioning the company's legitimacy in the public eye. To address this powerful business challenge, Meta publicly announced its support for reformed privacy regulations stating, "at Facebook, privacy is essentially important for business. If people do not trust us to safeguard their data, they will not feel comfortable using our services" (Zakrzewski, 2020) To react to this increase in public scrutiny Meta and Amazon, are now found at the top of lobbying expenditure lists and are actively fighting to preserve their status quo in businesses operating. The congruence within Big Platform indicates shared common interests in the laws that facilitate their practices. The similarities between goals and actions taken by these companies also hint that their political strategies are very similar.

Big Platform also attempts to influence the regulatory framework by financing influential think-tanks. Mainly, think-tanks focused on foreign policy receive substantial support from Big Platform, as they pursue the argument that stricter competition rules will benefit Chinese competitors. Four of Washington's most prestigious research groups: the Center for Strategic and International Studies, the Center for a New American Security, Brookings, and the Hudson Institute. Total donations from Big Platform companies to the four think tanks have increased from around \$625,000 in 2017-18 to at least \$1.2mn in 2019-20. However, not all companies have published figures for 2019-20, so these figures could be as high as \$1.2mn in 2017-18 to \$2.7mn. (Stacey & Gilbert, 2022).

#### **Societal Harm**

The main sectors Big Platform lobbying attempted to influence in 2020 are privacy and data collection, new technology development and advancement, antitrust, and competition. (Chung, 2021) Financial contributions provide a necessary aspect of the democratic system, as it allows interest groups to express political support and ensure competition during elections. However, there is little regulation for powerful niche interests to finance unjustified influence actively. For instance, newly elected officials are potentially pressured to return the favor to corporations that funded them during their respective campaigns. In the worst-case scenario, public policy prioritizes a specific interest over what is considered best for the public. Ultimately, facing increased public pressure, the regulatory environment for technology companies is becoming more stringent. This impacts the political strategy of Big Platform, forcing them to spend millions working with lawmakers in office. This paper acknowledges the essential part Instrumental power plays in shaping the political strategies of Big Platform. However, the strengths unique to the platform-based business model are revealed more cohesively when analyzing the forms of structural power Big Platform exerts.

#### Analysis – Platform power

#### **CA Findings**

The content analysis for Platform Power, separated into two categories of Consumer abuse and Consumer benefit, led to comparatively more limited findings. This difference in explorative power of Platform Power can be accredited to the involved actors. Platform power is mainly between people and Big Platform. However, this relationship spills over to the Government through people as constituents and to other companies through the dependency and support of people as consumers. In this way, did the content analysis provide insights into the issues of how Big Platform provides consumers with clear benefits that have become imperative and how their practices are negatively affecting consumers. Important issues were the scale and reach of Big Platform and how consumers view the companies, or rather how the representative politicians view the companies on behalf of their constituents. The structure of this section will first assess Platform Power in itself, explore how they are viewed in the eyes of consumers, examine the dependency of consumers, and how it affects regulation. It will then explore how Big Platform utilizes this power and its effects on people.

#### **Understanding Platform Power**

In 2018 Fifty-five percent of online shopping searches began on Amazon's platform; in 2017, the company enjoyed over 40 percent of online sales revenue in the United States. Google and Facebook capture 73 percent of all digital advertising in the country and 83 percent of all growth. In comparison, Apple and Google's Android jointly account for 99 percent of the world's smartphone operating systems (Khan, 2018). In the 21st century, a handful of corporations have become responsible for basic conveniences that millions of people rely on in their everyday lives. Considerable evidence for the enormous social benefits contributed by Big Platform can be found during the Antitrust hearing. For instance, representative Sensenbrenner states:" Your companies have provided innovations, so our nations can meet a myriad of our daily needs, the delivery of groceries, virtual visits with doctors, connecting socially distant families, and keeping our small and large businesses connected." (Antitrust Hearing, Rep. Sensenbrenner, 08:41) Regulating Big Platform becomes increasingly more difficult as the contemporary political terrain heavily favors these companies, and politicians rationally shy away from even considering policies that would threaten their voters of the conveniences provided by Big Platform. (Culpepper, 2019)

#### Aligning public image with American values

In the interest of maintaining a strong consumer alliance, Big Platform frequently and publicly attempts to align its public image with fundamental American democratic values. Considerable evidence can be identified throughout the content analysis to underline this claim. For instance, Amazon CEO Jeff Bezos claims: "And our approach is working. 80% of Americans have a favorable impression of Amazon overall. Who do Americans trust more than Amazon to do the right thing? Only their doctors and the military. The success of Big Platform's strategy to align its public image with fundamental values represented by the consumer can be supported through the Edelman Trust Barometer. The Edelman Trust Barometer is an annual survey to collect comparable data on trends in the trustworthiness of high-importance industries.

# TRUST IN INDUSTRY SECTORS: 10-YEAR TRENDS

1	¢	21.1	 	L U	

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change, 2012 - 2022
Technology	77	74	77	74	76	76	75	78	75	68	72	-5
Healthcare	-	-	-	1040	64	67	65	68	67	66	69	n/a
Food and beverage	64	64	65	64	65	68	64	69	67	65	67	+3
Automotive	63	66	70	67	62	66	63	69	67	60	63	0
Telecommunications	59	61	62	60	61	64	64	67	65	61	62	+3
Energy	54	58	57	57	59	62	63	65	63	59	61	+7
Entertainment		63	66	64	66	65	63	68	65	59	61	n/a
Consumer packaged goods	58	61	62	61	62	64	61	65	62	60	60	+2
Financial services	44	47	49	48	52	55	55	57	56	52	54	+10

#### (Edelman, Edelman Trust Barometer 2022, p52.)

In 2022 the findings of the report clearly show that the technology sector still leads the charts, despite a slight recent decline in popularity. With the technological industry being dominated by platform-based companies, Bezos statement in the antitrust hearing is clearly backed by data. Consumers' extremely positive perception of dominant platforms is further evident through survey results of global company popularity. The polling firm YouGov created a global brand health ranking in 2018 with platform companies occupying five of the top six places (YouGov, 2018).

Table I. YouGov's Global Health Brand Rankings 2018.

I Google	6 Amazon
2 YouTube	7 Ikea
3 Samsung	8 Colgate
4 WhatsApp	9 Uniqlo
5 Facebook	10 Lego

Source. YouGov BrandIndex (https://yougov.co.uk/topics/resources/articles

-reports/2018/07/26/google-keeps-top-spot-yougovs-global-brand-health-). The brand index score includes perceptions of brand quality, value, impression, satisfaction, reputation, and whether consumers would recommend to others.

This genuine user trust builds the bottom line for the consumer–platform connection, inhibiting government regulation. Particularly in countries such as the United States, this phenomenon is exacerbated by common public prejudice against government intervention in markets. Similar to previously existing natural monopolies, the immense increase in efficiency harnessed by Big Platform stems from their massive scalability and scope. However, unlike most public monopolies, these platforms convey an image to the consumer that imitates liberation from market distortions that prevent them from receiving the best possible services or the lowest possible prices for diverse goods. Accessing the online market through Big Platforms allows consumers to be liberated from the need to go to physical stores, offering practical convenience and saving valuable time. The power harnessed by Big Platform is technological services attractive to politicians through immense innovation capacity while keeping consumers averse to regulation. Whether Big Platform shows monopolistic characteristics, consumers and politicians benefit from not regulating their services (Culpepper, 2019). The largest platform companies have shown extraordinary skills in leveraging their loyal consumers into an optimized public narrative and political strategies to secure legislative support for their business model and avoid comprehensive legal regulation (Culpepper, 2019).

#### **Increased Dependency**

Because services provided by Big Platform are essentially free, there is little economic incentive for regulation. However, legal approaches with a core focus on monopoly control assume that economic incentives represent the highest priority for policymakers discussing potential regulations that constrain business. Previous formulations often miss the powerful tool that is the connection platforms have formed with

consumers who, in their position as constituents, politicians, and regulators, cannot afford to antagonize (Culpepper, 2019). During the Section 230 hearing, Alphabet CEO Mr. Pichai continuously refers to the economic benefits that arise from Big Platform's privileged position in the economy with statements such as: "As a company whose mission is to organize the world's information and make it universally accessible and useful, Google is deeply conscious of both the opportunities and risks the internet creates. I'm proud that Google's information services like search, Gmail, maps and photos provide thousands of dollars a year in value to the average American for free. (Section 230 Hearing, Sundar Pichai, 23:36) or: "One way we contribute is by building helpful products. Research found that free services like search, Gmail, maps, and photos provide thousands of dollars a year in value to the average American. And many are small businesses using our digital tools to grow (Section 230 Hearing, Sundar Pichai, 35:25). These statements showcase that the power that these companies wield is twofold. Firstly, from the potential negative impacts that regulating them could have on general economic growth. Secondly, from the anticipated political repercussions regulators would expose themselves to when reducing the convenience provided by established infrastructure in people's lives (Culpepper, 2019). Moreover, users of Big Platforms generally identify themselves as consumers that prefer convenience and innovation capacity rather than citizens conscious of the need for a comprehensive regulatory policy through the federal government. Therefore, the current status quo creates a bias in favor of deregulatory politics, where consumers and the dominant companies are in an alliance against state intervention. This creates hostility to state regulation that threatens to take away the advantages brought to consumers on their preferred platforms (Culpepper, 2019).

Societal Harm resulting from Platform Power can effectively be categorized into three separate sections Big Platform as Digital Gatekeepers, their ability to integrate across different markets, and the informational advantage inherent to the Platform-based business model.

#### **Digital Gatekeepers**

In the 21st century, Big Platform effectively provides fundamental infrastructure for digital markets. Big Platform building the arteries of online commerce brings with it the ability to control the accessibility of an online business. "Whether it is Google's dominance of search and online information, Facebook's centrality for access to media, or Amazon's growing control over distribution networks for physical goods," these firms exercise broad control over the terms of access to crucial services on which a wide range of other actors depend. (Rahman, 2018) Companies such as Google, Amazon, and Facebook are essentially distribution channels that can cut off a business from the economy with one click. The volume and scale of business generated by Big Platform mean that companies are increasingly dependent on their services for access to consumers. Big Platform can use their position as gatekeepers to make advantageous commercial deals that extract concessions from smaller businesses. Often, no viable alternative for these major platforms exists due to their scale, geographic range, and the number of (potential) active customers. (Ecorys, 2017) Jacob Weiss, founder, and president of home goods retailer OJ Commerce told the House Judiciary subcommittee on antitrust that during negotiations, he was left "no choice" but to sign Amazon's contract allowing him to sell on its platform. This contract included a forced arbitration clause that prevented him from bringing class-action cases against the company. (Feiner & Palmer, 2021)

Furthermore, Amazon executives have disclosed that the company modified algorithms during negotiations to remind smaller businesses of its power to almost decrease their sales instantly by downgrading their relevance below where users usually search for purchasing new products (Packer, 2014). For example, in 2004, during contract negotiations with a medium-sized book publisher called Melville's house, Amazon demanded payment without having to reveal how many Melville House books were sold on the Platform. The day after the publisher's editor in chief Johnson denied the request, the "buy buttons" had disappeared from Melville House's titles on Amazon.com. Previous to the negotiations, Amazon had represented eight percent of Melville House's sales. Johnson could not afford to lose these sales and eventually accepted the presented terms (Packer, 2014). Those who attempt to confront Amazon risk having their accounts terminated and losing access to the Platform. This results in a loss of revenue and potentially might lead to the need to lay off employees. Other Big Platform companies such as Meta and Alphabet meanwhile take over that new share of user attention online, forcing publishers or digital advertisers to use their services for any chance at success (Mitchell & LaVecchia, 2016).

Additionally, during the content analysis, we can find multiple pieces of evidence where congress recognizes both positive and negative impacts of Big Platforms' essential role in the economy. Firstly, the following statement by representative Cicilline: "There are 2.2 million active sellers as of yesterday, about 37% of those sellers rely on Amazon as their sole source of income. That is over 800,000 people relying on Amazon to feed their families, put their kids through school, and keep a roof over their heads". (Antitrust hearing, Rep. Cicilline, 02:32:04). This point clearly illustrates the dependence of tiny and medium-sized businesses on Big Platform. Secondly, congresswoman McBath addresses Apple CEO Tim Cook regarding anti-competitive practices stating: "Our evidence suggests that your company has used its power to harm your rivals and boost your own business. This is fundamentally unfair and harms small businesses that rely on you to reach customers, and stifles the innovation that is the lifeblood of our economy. Ultimately, it reduces the competition and choices made available to consumers, which is a great concern to all of us." (Antitrust hearing, Ms. McBath, 04:15:10)

#### **Integration across markets**

The critical infrastructure provided by Big Platform allows for quick integration across different markets. This enables Big Platform to leverage its market dominance to establish advantageous positions in totally different ancillary markets. However, by placing a platform in direct competition with the firms using its infrastructure, this form of integration also creates a core conflict of interest, incentivizing a platform to privilege its goods and services over those offered by third parties (Khan, 2018). Historically, multiple cases illustrate this predatory behavior of Big Platform. For example, in 2017, the European Commission announced that product discrimination conducted by Alphabet disobeyed European competition laws. The case resulted in a \$2.7 billion fine for "systematically giving prominent placement to its comparison-shopping service" and "demoting rival comparison shopping services in its search results," leading traffic to third-party websites to plummet (etc.Europa.EU, 2017). Moreover, during the antitrust hearing, Representative Cicilline accuses Google CEO Mr. Pichai of employing these competition distorting behaviors:" Mr. Pichai, most Americans believe that when they enter a search query, that is what Google shows are the most relevant results. But increasingly, Google just shows whatever is most profitable for Google. Be it Google Ads or Google's own sites" (Antitrust hearing, Rep. Cicilline, 50:39). Suppose gatekeeper power allows platforms to extort unfair negotiating terms. In that case, integration across markets gives platforms the incentive to discriminate in favor of their goods, services, and applications over those offered by competing businesses. Another instance of Big Platform abusing its inherently advantageous position in the market is presented by the Spotify vs. Apple dispute in 2016. In order to encourage users to access its services outside of Big Platform infrastructures (AppStore), Spotify started a promotion campaign offering new subscribers the chance to get three months of the service for \$0.99 if they signed up through Spotify's site. Though the campaign was eventually revived, Spotify executives stated that Apple threatened to remove the app from its store unless Spotify drastically reduced advertising the promotion (Kafka, 2016). Spotify general counsel Horacio Gutierrez stated: "We cannot stand by as Apple uses the App Store approval process as a weapon" (Guiterrez, 2016).

#### Informational advantage

The final source of Societal Harm resulting from platform power stems from the various forms of data platforms collect on consumers and business users. Every minute consumers spend using the services provided by Big Platform allows these companies to gather enormous amounts of information, ranging from the amount of time one hovers their mouse over a particular button. As well as the number of days an item sits in one's shopping basket, every location one has visited with their phone, and how they could psychologically react to different posts and words. (Khan, 2018) This collected data can be utilized for numerous purposes, of which two are going to be highlighted particularly. Firstly, Platforms can exploit their informational advantage against

small and medium-sized businesses that rely on their services to reach consumers and markets. Amazon, for example, routinely uses data collected on independent merchants selling through their marketplace to inform its sales and products. The same merchants suffer from the competitive disadvantage of not having the same data available, as Amazon can exploit these insights generated by third-party retailers and producers. With more information available, Amazon can make inherently more profound decisions about going head-to-head with independent producers by establishing replica products that will be prioritized in search results or price below cost. (Creswell, 2018) Amazon's Platform effectively functions as a petri dish, where newly founded firms bear the initial risks of exposing their products to the market. Amazon gets to benefit heavily from the generated data-based insights. (Bensinger, 2012) As the following example shows, this ability to exploit their informational edge is not just exclusive to Amazon. In 2013 Facebook acquired Onavo, a virtual private network that disguises browsing traffic to ensure greater users' privacy. However, news reports such as the Wall Street Journal report that Onavo allows Facebook to closely monitor which competing applications are causing users to divert attention away from Facebook's app. (Seetharaman & Morris, 2017). Like Amazon, Facebook can either decide to offer an aggressive acquisition bid or create a similar app that systematically pushes the competition out of business. (Dwoskin, 2017) It should be noted that the issue is not that platforms introduce rival goods but that they can base their business strategies on significant information asymmetry between the platforms and third parties. Intervening at crucial stages of growth for small businesses means platforms can effectively prevent serious competition before it becomes a threat.

The second purpose is that extensive data collection can profile individual consumers. Big Platforms use sources such as first and third-party cookies to collect personal data to profile individuals about their browsing and purchasing habits. "These profiles are used to categorize individuals according to their perceived interests, personal characteristics, and socio-economic status. Based on this categorization, tailored goods and services are then offered to individuals." (Lynskey, 2017) It is even possible for platforms to track user activity on third-party websites and applications. Big Platform can take advantage of this data by adjusting what information users are exposed to based on their respective profiles. For example, Facebook may show particular job postings exclusively to younger workers or specific housing advertisements only to certain minority groups (Angwin, 2017). New technologies allow surveillance-based data collection that enables companies to accurately discover the maximum price that individual consumers are willing to pay for a specific product or service.

Therefore, profiling allows Big Platform to differentiate and discriminate between consumers and manipulate the content they consume. This issue also represents a recurring theme during the Section 230 hearing:" Your platforms also have enormous power to manipulate user behavior and direct content and shape narratives" (Section 230 hearing, Senator Deb. Fischer, 01:39:39). He refers to the potential impact of platform

power on citizen preferences. The extent to which Big Platform can cue consumers to prefer what is in the Platform's interest is unknown. However, the possibility cannot be excluded that they could become passive or even active supporters of policies that potentially harm their own objectively defined material interests. (Khan, 2018) Advocates of this more radical view often refer to how Google can influence which websites we access through its auto-complete function; Facebook is the primary news portal of choice for millions. The long-term capacities of the phenomena may have significant political implications for key political processes such as elections. Other popular brands and companies such as Nike, Lego, and Ikea also enjoy strong relationships with their consumer base (YouGov, 2018). However, the intimacy between Big Platform and its users benefits substantially from the data these entities have available. Furthermore, data collection fundamentally improves the users' time spent on the Platform, offering more luxury and convenience. This process essentially leads to a positive feedback loop in which the collection of data on individuals justifies itself through increased user experience.

#### **Societal Harm**

In summary, it can be stated that the main societal harms derived from Platform Power are: Firstly, their advantageous position controlling access to markets allowing them to make advantageous commercial deals with smaller businesses (gatekeepers). Big Platform's advantage further exacerbates this societal harm through their immense access to data/information. Secondly, their unique market position leads to the incentive to discriminate in favor of their goods and services. Lastly, profiling of individual consumers incentivizes Big Platform to differentiate and discriminate between consumers and manipulate the content they consume.

All three of these practices harm society's goals, and particularly restricting access to markets for smaller businesses can lead to substantially larger issues in the long term. However, the benefits and convenience provided by Big Platform, at least for the moment, are too dominant for either the federal government or the people to demand immediate regulatory action. Therefore, it is essential to distinguish that all of these actions performed by Big Platform can only be categorized as Visible Societal Harm if their scope and effect overcome the benefits provided. Therefore, Societal harms caused by Big Platforms through Platform Power will be exclusively categorized as Invisible Societal Harm. The scope and effect they extend do not suffice to call for immediate regulatory interference causing the status quo to continue. Furthermore, the increasing dependence of consumers on the goods and services provided by Big Platform causes them to behave averse to regulation in their political role as constituents. With the findings of this analysis to hold, this

paper accepts the initially posed Hypothesis that The US Federal Government is inhibited from regulating Big Platform due to the platform power Big Platform has disincentivizing consumers from voting to regulate Big Platform.

## Analysis - Competition

#### **CA Findings**

The content analysis provided several insights into the economic power of Big Platform and what the Government is concerned with regarding their market power. Both parties criticize the market power of Big Platform, the main concerns being how to regulate competition and privacy of data. The first hearing specifically focused on antitrust issues, for which many of the practices that have gone unregulated were mentioned. The second section on Section 230, "the 26 words that created the internet" (Section 230, Wicker, ), is related to privacy and accountability on the internet. Competition and closely related words, such as competitors, were mentioned 227 times, and power was mentioned 86 times. Data has been mentioned 129 times and personal/privacy 96 times. The main findings of the content analysis of competition show that Big Platform has been enacting and benefitting from anti-competitive practices. However, the legal framework has not been able to penalize this behavior, leading to a lack of regulation on Big Platform.

#### **Economic Strength of Big Platform**

Big Platform have substantial market power, as "their business practices and decisions have an outsized effect on our economy" (Antitrust hearing, Cicilline, 3:47). They have been criticized as monopolies obscuring competition, with representative Cicilline stating, "their [Zuckerberg, Cook, Pichai, and Bezos] control of the marketplace allows them to do whatever it takes to crush independent business and expand their power" (Antitrust hearing, Cicilline, 5:27:49). While the platform section has highlighted the political terrain and dependency on platforms, their use of this dependency, and the social harms as consequences, does this section expand Big Platform's economic strength and market power. The anti-competitive practices can only be used because of their monopolistic or dominant positions in the market. They are harming competition through predatory practices, but as natural monopolies and to the advantage of consumers and (most) businesses, who have no feasible alternatives. Big Platform's economic strength is also dependent on the uniqueness of the businesses, operating with access and data rather than traditional goods and services. When there are no feasible alternatives, does the economic strength of Big Platform enable them to leverage their other structural powers? Amazon planned on where to locate their HQ2, which would provide 25.000 jobs, and started a bidding war

between several states. It is to be located in Virginia, in Pentagon City (DeVoe, 2021), which will, all else equal, provide physical structures for strengthening the intensive relationship between Big Platform and the Government. The market power of Big Platform is then substantial to the degree of monopolistic market power. Which leads to the further question, why are monopolistic practices not regulated by the Government?

#### Legal Advantage

Above, this paper has established the scope and strength of Big Platform Companies. First, however, it is important to understand how the current interpretations of US Federal Antitrust Laws empower Big Platform. It is no secret that antitrust concerns are present within the Big Platform Companies, with even Congressional members comparing Big Platform Companies to "robber-barons of the 19th century" (Antitrust Hearings, Raskin, 02:53:18). However, if these concerns are present, how come there has not been any immediate action? This answer lies within the legal frameworks created to address predatory monopolies. To harken back to the theoretical framework, Robert Bork's interpretation of the Sherman Act is the mainstream understanding within Legal Discourse on antitrust law (Sayer, 2019). For a reminder, Bork states that antitrust law protects the consumer from fiscal abuses and preserves competition in consumers' interests (Bork, 1978).

When applying this understanding to Big Platform Companies, it can be easily found that while their tactics have raised concerns, their underlying macroeconomic effects have only benefited consumers fiscally. Taking the most famous case of diapers.com and Amazon, Amazon slashed its prices on baby products and gave free Amazon Prime subscriptions to new mothers for three months. This caused a \$300 million loss in the first four months of Amazon enacting this tactic. As a result, QuidSi (the parent company of diapers.com and spin-off soap.com) was forced to sell the company and its subsidiaries to Amazon despite the massive loss. Effectively, this knocked out Amazon's prime competition, as Quidsi was starting to expand as an online retailer, directly threatening Amazon's position as the premier online retailer (Oremus, 2013). Despite this being prominent anti-competitive practices, there was no legal consequence since consumers benefited from lower prices (even after Amazon raised them back to diapers.com prices after the acquisition of their platform).

When Amazon was sued for antitrust practices relating to banning third-party sellers from offering better prices on their products on other platforms, consumer protection arguments were used for Amazon's defense. Amazon argued that its platform maintained consumer welfare while following Sherman Act guidelines to avoid antitrust legislation when seeking dismissal. The plaintiff (US Federal Attorney's) argued that while their behavior was not illegal, it still prevented competition from other platforms and abused Amazon's platform power. The US Supreme Court decided on dismissal due to Amazon's pro-consumer argument (Reuters, 2022).

Another primary concern within Big Platform is the potential for monopolies or the confirmed existence of monopolistic/cartel practices within Big Platform. This is stated in the Antitrust hearings with Congressman Raskin stating, "Forgive me for interrupting, but you have said that several times, but that to me might just underscore the monopoly nature of your business, that everybody's got to go through, there is really no alternative" to Mark Zuckerberg (Antitrust hearing, Raskin, 04:54:20). However, despite the growing concerns of monopolistic practices, by analyzing court cases, this paper can surmise why there have not been active legal engagements or breakups. Firstly, within the Sherman Act of 1890, Bork's interpretation of the legislation showed that it did not exist to break up a monopoly if it was an organic monopoly but only to break up predatory monopolies (Bork, 1978). Applying this to Big Platform, while they may engage in some monopolistic practices, US Federal Courts have held that there is still competition within the sector (Reuters, 2022). This is shown by the various bidding wars Alphabet, Amazon, and Microsoft have had for Government Contracts; Social Media competition with services such as Twitch (Amazon), YouTube (Alphabet), and Facebook (Meta); and cloud computing with Amazon Web Services, Microsoft Azure, and Google Cloud. These examples were directly sourced by the Superior Courts in the Department of Justice's first antitrust lawsuit (Mclaughlin, 2021). Furthermore, even if Big Platform companies are monopolies, under the Sherman Act, they are free to operate legally due to their pricing not being predatory towards consumers (Bork, 1978).

The impacts of this can be easily mechanized intuitively as if the laws favor organic consumers favoring monopolies. The rise of competitors trying to find their share in the market-facing Big Tech seems impossible. This creates an ecosystem in the economy, where massive corporations that rule multiple sectors (such as Big Platform) will always have the law on their side to engage in any practices as long as they keep their prices to favor consumers. Big Platform has infinitely more resources than startups or small businesses that hope to scale due to their sheer market cap (S&P 500, 2022). Big Platform companies can bleed out smaller companies as Amazon did with Quidsi to dominate the market.

The above cases show Big Platform Companies' distinct legal advantages regarding competition and fiscal consumer welfare. The Legal interpretations and the lack of continuing legislation on new antitrust concerns give Big Platform the ability to enact and endeavor anti-competitive practices that, while causing concern among the legislature, are entirely legal due to their inherent consumer-favoring nature. The following section will cover the potential monopolistic practices Big Platform enacts with data to further this argument.

#### Data as the new currency

Big Platform has a unique competitive power: its utilization of data through its bulk collection, processing, and employment. The unique competitive power does not come from utilizing data in itself, as most sizable companies use and invest in data initiatives (NewVantage Partners, 2021). It comes from Big Platforms being central in data generation, having the resources to process the data, and similarly employing this data on the platforms and leveraging it into other areas or selling it. The scaling of data is central to Big Platform's new economic strength. Data has become a competitive power on which Big Platform's business models heavily rely, as it substitutes monetary transactions for data transactions from consumers. The importance of data for both the Government and Big Platform is exemplified by the content analysis findings, where "data" was mentioned 129 times, the information mentioned 154 times, and personal/privacy mentioned 96 times. The importance is that the collection and processing of data are targeted at people, individuals, and competitors. The consequences of data are that it reduces privacy for individuals who are being tracked in a system for which there is no alternative (Antitrust hearing, Cicilline, 6:11) and that it allows Big Platform to harm competitors and shield themselves from the competition (Antitrust hearing, Johnson, 4:32:07). These are consequences, some easier to identify than others, of how data is used to obscure competition, invade privacy, and as a new currency. Examples of how data is being operationalized by Big Platform as a new currency and improving their market power is through sales of personal data and addictive feedback loops. Google sells data or instead of shares personal data that have been processed with advertisers for them to buy advertising space (Cyphers, 2020). Their collection and processing of personal data targets advertisements to individuals, the more complete the data collection and expansive processing of the data, the more value can Google extract. Meta uses data and AI to increase the time spent on their platforms by optimizing "interesting" content and videos that people on the platform sees (Roach, 2022). Their use of data makes consumers spend more time on social media with dopamine feedback loops (Wang, 2017). Consumers are kept on the platform to see more ads and provide more data. However, the regulatory framework has not caught up to the modern applicability of data. There are no federal laws for regulating data overall, although there are some laws specified for specific information, such as HIPAA (Nayyar, 2022). This enables the scaling and broad applications of data by Big Platform. Regulating in the US on a federal level is almost purely based on the fiscal protection of consumers (Bork, 1978), while the data protection of consumers is weak and limited to specific information. Consumers are not fiscally harmed when their privacy is invaded, e.g., target ads, or when products are being copied and sold cheaper by leveraging data (Kalra & Stecklow, 2021). With its legal discourse, this legislative framework empowers Big Platform in its economic strength, both in terms of data and finance, because it is not adapted to approach the modern applications and utilization of data, shielding Big Platform from regulation.

#### **Anti-Competitive Practices**

Big Platform uses anti-competitive practices, which increases the dependency of consumers and the Government, inhibiting the US Federal Government from regulating Big Platform. As mentioned in the Platform Power section, are some of the anti-competitive practices employed by Big Platform related to their gatekeeping, leveraging advantages when integrating, and use of data also mentioned in this section. This section does not focus on the anti-competitive practices but rather on their effect in conjunction, being enhanced economic power. This economic strength of Big Platform is maintained and improved, at least in part, through their anti-competitive practices. For example, when Amazon undercuts Diapers.com to push them out of a market, Apple threatens to removes apps from App Store, Facebook strong-arms companies into M&As, or Google prioritizes their websites, they inhibit their competitors. However, it resulted in neutral or positive effects on consumers fiscally, even though the competition was reduced.

Furthermore, with less accessible alternatives to provide the services or products that have become imperative, the dependence on Big Platform is heightened. Competition is reduced due to the gain of Big Platform, as they protect or expand market share in their respective markets. These practices increase the economic strength of Big Platform, as they control more data, have more traffic, expand their markets, etc... The economic strength translates into structural power through the increased dependency of consumers, other businesses, and the Government, which similarly makes disinvestment a more credible and harmful threat (Young, Banerjee, Schwartz, 2018). This form of power actively inhibits the US Federal Government from regulating Big Platform.

#### Societal Harm

The following section will summarize the societal harms seen within competition and discern whether they are Invisible or Visible Societal Harms by definition given in the Theoretical Framework. It can be argued that healthy competition is a goal that societies such as the US would have and consumer protections that are not purely fiscal. With this in mind, it can be seen that the societal harms seen in this section are; the distinct lack of privacy for consumers, the insurmountable mountain competitors, have to climb to face Big Platform, and the general platform power that inhibits competitors who use their platforms as an ecosystem to sell goods (Covered extensively in the platform power section).

When analyzing the harms, it is clear that all these harms either benefit consumers fiscally or create trade-off consumers are willing to accept. To mechanize this paper's reasoning, consumers do not generally care about their lack of privacy when using free or low-priced services; this can be evidenced by the number of people who use online retail, social media, and search engine platforms. It can also be argued that these

services are essential to the modern world. Therefore, consumers do not have a choice without isolating themselves from the rest of the digital civilization (Culpepper, 2019). However, this shows that consumers are fine with said trade-off (Wright & Rybnicek, 2022). Due to consumers accepting the trade-off, this would be invisible societal harm. While there are some calls among consumers for the Government to tackle the said problem, there is not anywhere near enough wide-scale public pressure to have this harm be a "do or die" issue in political discourse.

When it comes to the lack of legitimate competition surviving against Big Platform, the unfortunate situation for those competitors is that unless they can match the prices and services that Big Platform provides to consumers, they will not be able to survive. Why this is not a Visible Societal Harm is simply due to consumers preferring low prices, so even if Borks' interpretation were not the standard interpretation of antitrust law, consumers would have very few if any massive pushes for regulation simply due to how convenient, low-cost, and essential these platforms are.

The core message that should be taken away from the societal harms analysis is that these harms that "thwart the goals of society" are acceptable trade-offs intuitively with the consumers, as they are either purely neutral or directly benefit the consumer. This means that under the definitions and assumptions set foot within the theoretical framework, these harms would be classified as invisible societal harm. This is because they lack the scope, severity, and apparent effect on society to require immediate action.

#### **Answer Hypothesis**

This section has claimed that the US Federal Government is inhibited from regulating Big Platform due to the general legal advantage that antitrust law interpretations that stand in legal discourse empower the economic strength of platform companies. The legal framework under which Big Platform operates favors their unique business models, even when they exercise anti-competitive practices because it is for consumers' financial benefit. Moreover, their business models, particularly data, are new to legal discourse, and encompassing data regulation has not been enacted. This leads to immense economic power and few instruments to contest them from the Government.

## Analysis - Security

The content analysis of the two hearings has resulted in findings of critical issues where Big Platform affects security and global hegemony that benefits the United States. The structural power within the security of Big Platforms is reflected in the issue points of the speakers and the answers of Big Platform representatives,

as these areas are where the Government is inhibited in its power to regulate. The content analysis is limited in identifying the structural power of Big Platforms where they are dominant, which will be explored further in the analysis through critical cases.

Through their relationship with the Federal Government, the structural power of Big Platforms to ensure and maintain national security and global hegemony in US interests is focused on three factors:

- 1. The intelligence Big Platform provides to the US Government.
- 2. The advancements in technology with military applicability and cybersecurity support the US in the technological arms race, accredited to Big Platform.
- 3. Big Platform enables and enhances democracy and democratic principles domestically.
- 4. The soft power of the presence of Big Platform exhibits internationally as American corporations and in spreading American values.

These factors are sources of power that Big Platform has, which is in the unequivocal interest of the United States, which in turn inhibits the United States from regulating these companies. However, the critical nature of the hearings also highlights the weaknesses in the structural armor in cases where Big Platform has adverse effects within the four factors. This will, in turn, support the VSH hypothesis, as the adverse effects only affect the Government's ability to regulate once they are recognized, with statements from the hearings being evidence of recognition.

#### Intelligence gathering and discovering threats

Big Platform is connecting people worldwide, here with an emphasis on Meta & Alphabet. Extremist groups with violent intent are similarly connecting and communicating over social media platforms, Big Platform is in a position to gather crucial information and discover threats to security faster. In essence, there is information on these platforms which poses threats to national security within the United States. An example of this is the planned kidnapping and murder of Governor Whitmer in 2020 by a right-wing extremist group, which Facebook discovered and disclosed this information to the FBI (Section 230 hearing, Peters, 44:10). The cooperation and ability of these companies to gather information regarding security domestically have increasingly been used by the Government, particularly geo-fence warrants, which increased by 1,500% between 2017 and 2018 (Antitrust hearing, Armstrong, 01:49:13). As the companies are increasingly sources of combating threats to the United States domestically, does it grant power to Big Platform to contest legislation that will reduce their ability to exercise this? As the trends for Big Platform to cooperate with law enforcement agencies is increasing, this is an area where their structural power to enhance security is likely still increasing.

Big Platform is also expanding its intelligence-gathering internationally. This is a clear advantage to the United States' security from foreign sources, including and in particular from China, Iran, and Russia, countries which were mentioned in total 122 times in the hearings. Big Platforms have become frontline in national defense when it comes to intelligence gathering, both from groups, individuals, and foreign countries that pose threats to US security. Zuckerberg stated that Meta could sometimes be the first to identify threats from other countries (Antitrust, 01:28:14). Google disclosed foreign interference from China and Iran to national intelligence agencies (Section 230, Pichai, 02:33:38). Through their content review apparatus, Big Platforms discovers foreign influence and extremist groups with harmful intent. Facebook has 35.000 employees and AI systems for security and content review on their Platform, and Alphabet has 10.000 reviewers similarly AI systems, both pouring billions of dollars into the effort (Section 230, Zuckerberg, 02:07:38) (Section 230, Pichai, 02:08:18). As the practices of Big Platform are subject to American law, does this further increase the structural power within security, inhibiting the US Federal Government in regulating their practices.

#### Technological and military development

Due to the interlocking and continuous relationship the US Government's Military Complex has with technological advancements; this paper would be amiss if it did not specifically delve into the developments of military technologies that Big Platform has sponsored, developed, or invented. During the War on Terror, Big Platform Companies (Namely Amazon, Alphabet, and Microsoft) made forty-five billion USD (Ongweso, 2021) in almost twenty years. Most of the services were paid for by the Pentagon (43.8b USD). These services include but are not limited to AI optimization of Drones to be used on the battlefield, cloud computing platforms that allow information to travel securely and at high velocity, and cloud-optimized surveillance platforms (Ongweso, 2021). Alphabet also has a massive hand in US Government and Defense Projects (Section 230, Pichai, 01:12:18), with even a bidding war over the prospective JEDI Cloud Platform involving Alphabet and Microsoft Amazon. This shows a specific reliance on the Government's military digitalization and security protocols becoming "platformized" in brass tacks.

This platformization of military and security protocols and the inter-reliance is also shown by the "Revolving Door" phenomenon within the Big Tech/Securitization interactions. For example, multiple higherups in the Pentagon (Military), FBI (Law Enforcement), and NSA (Intelligence Agencies) are employed as higher-level employees or executive level employees at the Big Platform companies such as Amazon, Alphabet, and Microsoft (MPower Change, 2021). One egregious example of this relationship is Jared Cohen, a senior Policy Planner in the State Department during the Obama Administration, who then found and became

the CEO of Jigsaw. Google's in-house incubator specializes in surveillance and software solutions for Government protocols. Cohen's tenure as a Policy Planner specifically focused on national security and counter-terrorism. As CEO of Jigsaw, he oversaw their first project, a toolbox for Social Media platforms that, until recently, targeted those of Muslim faith (MPower Change, 2015).

This leads to an important question.... why is the platformization of the US Government's military and security essential? The answer is the technological arms race of the 21st century. As previously established in this paper, the concept of Quantum Computing (while still technically theoretical) is the new Atomic Weapon. As established by Sundar Pichai, Q-Computing is an emerging technology that Alphabet is heavily invested in (Section 230, Pichai, 0:36:10). Alphabet has also developed and spun off their Q-Company (Quantum Computing Company), while Amazon and Microsoft followed their Quantum plays (CBInsights, 2021). This has led to the US giving lucrative contracts to these companies and facilitating competition between Big Platform for the race amongst themselves for Quantum-Powered Tech.

Who is this arms race against? This is the obvious follow-up question that needs to be answered. The answer to this is quite simple: China. Baidu and Alibaba have also ramped up their Q-plays (CBInsights, 2021) in the last five years because the Chinese Government has also realized that Quantum Computing is the next frontier in technological development. As a result, US Lawmakers heavily focused on the Technological Arms Race against China during the hearings (Antitrust Hearings, Greg Steube, 04:33:55). With even specific questions on the levels of interactions, Big Platform has with China (Antitrust Hearings, Pichai, 01:12:35).

This shows an active concern within the Federal Government over the technological developments China is advancing in and a "want" from lawmakers that American Companies seek to only "platformize" in the US or broader western world instead of offering services cooperating with the Chinese Government.

#### **Democratic security**

Big Platform, as quoted by Representative Cicilline, "are so central to our modern life, their business practices and decisions have an outsized effect on our economy and our democracy." (Antitrust, Cicilline, 03:47). Their effects on democracy are both enhancing and adverse, a trade-off that is difficult to balance, dependent on Big Platform's ability to set themselves as enablers of democratic participation. Big Platform does have positive effects on democracy, which the Government representatives recognize. As Senator

Klobuchar stated, "And I do want to thank the witnesses here for appearing, but also for the work that they are doing to try to encourage voting" (Section 230, Klobuchar, 59:27). Big Platform actively encourages voting, where Facebook had the largest voting information campaign in the US, which was estimated to help 4.4 million people vote and with hundreds of thousands volunteering over the Platform (Section 230, Zuckerberg, 35:03). These platforms also provide channels for politicians to reach voters, and provide voters with information on where to vote, when to vote, and even how to register across Google, YouTube, and Facebook, to name a few (Section 230, Pichai, 24:38). Big Platform makes it more convenient to vote, increases information availability, and the ability of free expression to broad audiences, all of which are beneficial to the US democratic security. However, the Cambridge Analytica scandal illustrates how Big Platform also has the power to affect national elections adversely, through 87 million people's data from Facebook being used without consent to develop psychographic profiles and spamming targeted political content (Meredith, 2018). This was done to make them vote for Donald Trump and even activate them as racists and white supremacists (Antitrust hearing, Raskin, 1:25:44).

However, the benefits are also drawbacks because these platforms are where "political debates unfold in real-time," and with "The power to influence debate carries with it remarkable responsibilities.", according to Representative Sensenbrenner (Antitrust, Sensenbrenner, 11:40). There are active concerns about how their moderation affects free speech for voters, political organizations, and politicians and that Big Platform is biased when moderating, which reduces democratic stability, exemplified by Gates "I am concerned that the content review does reflect the values of the company, but those values do not in fact, give everyone a voice." (Antitrust, Gates, 03:55:46). However, there is among government representatives a dispute about what information should be moderated, with generally Republicans being critical of censored content, while Democrats feel there should be more moderation (Section 230, Zuckerberg, 31:53). Here is the ability of the US Government to regulate Big Platform, related to free speech and content moderation, not inhibited by the power of Big Platform, as much as they are inhibited by political disagreements internally.

Big Platform does benefit democratic security in its protection against foreign election interference. While the platforms are where the political debates unfold, they are also arenas where foreign interests have a channel to affect public opinion. Because Big Platform is imperative for scaled communication, they cannot be shut down based on foreign election interference. However, the way to handle foreign influence is critical for protecting democracy. Meta and Alphabets combined a team of 45.000 moderators and AI systems, compared to the FCCs workforce of below 2.000 (EEOC, 2022). This disparity in resources and capabilities of the Government and Big Platform inhibits the Government's ability to regulate Big Platform to a degree where these resources and capabilities would be adversely affected. The efforts of Big Platform to increase the integrity of elections and reduce the foreign efforts of Russia, Iran, and China have increased their structural

power. Big Platform is imperative for elections, the prime target for foreign influence, and the most potent weapon in the arsenal against foreign election interference to protect the threats they pose to the integrity of American Democracy. The power that Big Platform has, and the Government growing reliance on it, inhibit regulation. However, the capabilities and risks of Big Platform to itself reduce democratic security, reduce this structural power, and increases the possibility of regulation.

#### Cultural and ideational international leadership

The United States federal government is inhibited in regulating Big Platform due to its essential role in maintaining global hegemony and spreading western democratic values. In April 2022, Facebook had 2.936 billion active users worldwide, making it the world's most widely used Platform. Within the United States, Facebook only has around 180 million active users. (Datareportal, 2022). With powerful algorithms effectively controlling the content these users consume on big platforms, immense soft power is undeniable. The content analysis results have shown that both Facebook and the Federal Government are actively aware of the privileged role and responsibility that Facebook enjoys due to its vast scope. With Mr. Zuckerberg using his written testimony to state: "... Facebook is an American company with American values" (Section 230, Gates: (01:19:32,) and Maria Cantwell issued the following claim:" We have to show that the United States of America stands behind our principles, and that our principles do also transfer to the responsibility of communication online" (Antitrust hearing, Cantwell, 12:44). The importance of America being central is shown in the content analysis, which was mentioned 131 times.

Furthermore, Zuckerberg acknowledges the global competitive aspect that foreign countries do not necessarily share these values. "These are fundamental values for most of us, but not for everyone. Not for every company we compete with or the countries they represent. Moreover, as global competition increases, there is no guarantee that our values will win out" (Antitrust hearing, Zuckerberg: (47:52). Here he refers to Facebook's important position in maintaining US global influence.

An additional case to support this claim is the Trump administration's attempt to domestically ban TikTok and WeChat, two of China's most prominent rivals to the US Big Platform giants. For Chinese minorities residing within the US, these platforms represent a vital source of connection and a conduit for Chinese propaganda and surveillance. Moreover, these two apps have more than 100 million active users within the United States, clearly posing a potent threat to established American-owned platforms. In November 2020, the Trump administration officially announced aggressive regulatory steps such as banning American companies from processing transactions for WeChat or hosting its internet traffic, effectively rendering most of its services useless (Swanson et al., 2020). Reasons presented by the administration for this course of action were primarily based on national security concerns following an executive order from August of the same year in which former president Trump argued that TikTok and WeChat collect data from American users that could

be retrieved by the Chinese Government (Swanson et al., 2020). This example illustrates the vital importance of Big Platform for the Federal Government in establishing and maintaining influence and soft power and showcases the dilemma of regulating Big Platform domestically without exposing them to competitive disadvantages on international levels.

Throughout the content analysis of the antitrust hearing, more examples that display this regulatory dilemma can be identified. Addressing the existence of a Google AI research center in China, Representative Gates utters the following two statements: "... You collaborate with Chinese universities that take millions upon millions of dollars from the Chinese military. One of your Googlers Fei-Fei Li while under your employ was cited in Chinese state media saying China is like a sleeping giant, when she wakes, she will tremble the world" (Antitrust hearing, Gates, 01:22:17) and "It seems to call into question your commitment to our country and our values" (Antitrust hearing, Gates, (01:24:28). Considering Zuckerberg's initial statement on the representation of American values, apparent differences between individual big platform companies can be identified. This exacerbates the previously described problems the Federal Government faces in comprehensively regulating Big Platform. Historically, the United States has employed relatively soft regulation on large industries, which is highly beneficial to contemporary big platform companies allowing them to scale immensely. In section 230 hearing, Zuckerberg claims: "Now there's a reason why America leads in technology. Section 230 helped create the internet as we know it. It has helped new ideas get built and our companies to spread American values around the world, and we should maintain this advantage (Section 230, Zuckerberg, 33:40)". The central ideational conflict that big Platform poses for the federal Government is the dependency on Big Platform to effectively spread American values globally. As well as maintain its position as the global cultural hegemony while simultaneously creating effective regulation to protect platform users and minimize the foreign influence in domestic affairs.

#### **Societal Harm**

This section will summarize the societal harms within national security, being dangerous groups organizing on Big Platform, content moderation, foreign interference in elections through abuse of personal data, and aiding foreign states in technological development. The goals of society that Big Platform obstructs are security from physical harm, freedom of expression, privacy, independence from foreign government interference, and international leadership. Security from physical harm is a goal for society in the US through the unalienable rights declared in the Declaration of Independence of life, liberty, and the pursuit of happiness (National Archives, 2021). Freedom of expression related to liberty is obstructed by content moderation. As ensured by the fourteenth amendment (Legal Information Institute, 2022), privacy is infringed when personal information is abused without consent. The Government derives its powers from the consent of the governed

(National Archives, 2021) through a democratic election; however, this is obstructed when the Government is chosen based on foreign interference rather than the people. President Biden has emphasized the importance of international leadership of the US, making it a clear goal of society (White House, 2021).

Groups with malicious intent, like everyday users, use Big Platform to communicate and connect. Such as right-wing radicals planning a kidnapping or international terrorist organizations radicalizing and recruiting new members over the platforms to carry out attacks on US soil (FBI, NA). However, this is invisible societal harm because while the harms are real and credible, they are diluted when considering the scope of Big Platform for connecting people. It is enabled by Big Platform but as an unfortunate consequence rather than a damaging status quo.

Foreign interference in elections harms the democratic principles that legitimize the US Government. The Cambridge Analytica scandal illustrated to the American policymakers and the American people that foreign interests from Russia can influence the outcome of presidential elections through Big Platform (Hamilton, 2018). The scandal caught sufficient attention to be a catalyst for the public opinion on Big Platform, as it harmed the broader society heavily. There was visible societal harm and general agreement that the status quo was damaged.

Freedom of expression is a right for the citizens of the United States (National Archives, 2022). However, Big Platform moderates the content on their websites, such as content that will lead to imminent harm (Antitrust hearing, Zuckerberg, 59:22). While limitation on freedom of speech is harming a societal goal, is it similarly adhering to the goal of protecting consumers and citizens. In this way, can it be disputed whether it is a net harm to society? The degree of content moderation is split between the two parties. Does this exclude the identification of visible societal harm because there is no consensus on the harm done?

Big Platform does improve the military of foreign states, in particular China, which is in direct conflict with the societal goal of the current president of the US, stating that "We have the strongest military in the world—and as president, Biden will ensure it stays that way" (Joe Biden, 2019). However, the extent and certainty related to the effects of the improvements to their military made by Google is limited (Antitrust hearing, Pichai, 1:12:35). Therefore, there is not sufficient harm done or attention drawn to the issue, and as such, it is invisible societal harm.

The harm related to enabling dangerous groups, moderating content, and aiding foreign countries' militaries, is invisible societal harm. There is no consensus on what should be done when attention is on the issues. However, the Cambridge Analytica Scandal did show visible societal harm. The harm to democracy

was massive in scope, affecting governments and citizens, which led to a consensus that the status quo was damaged and needed to be fixed.

This analysis has concluded that the US Federal Government is inhibited from regulating Big Platform due to the intensive relationship platform companies have with the Federal Government to ensure and maintain national security and global hegemony in US interests. Big Platform is quintessential in gathering information to ensure the security of the United States domestically, is critical in developing technologies and providing services critical to US foreign security, and in maintaining US global soft power. However, when related to democratic security, does Big Platform provide benefits and risks, the latter of which can lead to regulation.

### Analysis – Societal Harm

This section on societal harm will firstly summarize the societal harms found in the previous sections of the analysis, differentiating between invisible societal harm and visible societal harm. Secondly, explore the limitations of visible societal harm with Cambridge Analytica as the dominant example. Finally, a conclusion of how the overall lack of visible societal harm exhibited by Big Platform confirms the hypothesis.

Having outlined the powers of Big Platform and how it inhibits the Government in regulation, it has similarly been shown that Big Platform, regardless of benefits, does societal harm. However, Big Platform has not been regulated because of the outlined powers. Secondly, the harms have not been to a degree where there was attention and consensus from both people and policymakers. The harms are; anti-competitive practices that reduce free and fair competition, limit free speech, threats to domestic and international security, and the abuse of personal data to profile consumers intended for advertisement or political influence. The anticompetitive practices favor the consumers fiscally, limiting the harm scope. The moderation of information shared on Big Platform is, on one side of the political spectrum, criticized for being too lenient and, on the other side, too strict, so no consensus among the governing body can be found. The threats to domestic and international security are of low importance compared to the benefits generated by Big Platform to both people and the Government, so the harms are unfortunate consequences. These are all invisible societal harms, which lead to no possibility of regulation. However, the abuse of personal data for advertisement and political influence showed visible societal harm after the Cambridge Analytica scandal. Cambridge Analytica had a massive scope, with 87 million people's private data being abused, which had consequences for national presidential elections (Hamilton, 2018). However, while there came a clear consensus that the status quo harmed society, there was no regulation immediately pushed through, even though VSH was present. Reasons for this are the legal understandings, as data has not been comprehensively regulated previously, and any

legislation has the risk of significant negative implications. The practical process of writing a bill and having it pass through Congress is similarly a long-term process. Secondly, while the overall power of Big Platform was reduced as a consequence, as they lost consumer trust, their power in other areas is still present, the Government and consumers are still dependent on Big Platform. However, Cambridge Analytica put Big Platform in the public scope, where it has since remained.

This shows clear harms, which regulation is intended to reduce. The lack of these harms being broad in scope, visible and agreed upon as harmful inhibits the US Federal Government from regulating Big Platform. There is not sufficient support to overcome Big Platform's instrumental and structural power if Visible Societal Harm is not present. When it is present, is it not sure that regulation is enacted, but attempts to regulate and inhibit the practices of Big Platform have increased since Cambridge Analytica (Feiner, 2019), which confirms the hypothesis.

# Discussion

The technology industry takes a unique position in the United States economy, as platform companies effectively provide the channels of commerce for millions of Americans. Moreover, due to the technology sector being one of the most attractive growth investments of the economy, companies invest heavily in research and development with immense future potential. Having analyzed multiple sources of power allowing Big Platform to avoid regulation, this paper will continue to discuss the implications the findings have for the literature on power, regulation, and methodology:

- 1. It will discuss to what extent the applied theories were pivotal to answering the research question.
- 2. A critical account of the respective findings of each analyzed sector will be provided.
- 3. A brief section will discuss the (potential) societal harms resulting from the continued lack of regulation of Big Platform.
- 4. Potential criticism and different approaches to the posed research question will be discussed.

This paper's primary guiding theory of power is instrumental and structural power. To understand how Big Platform can gain political leverage to influence regulatory policy. Instrumental power showcases a more direct approach and cannot be discredited when explaining the behavior of Big Platform when interacting with political entities. However, instrumental power is generally easier to identify, and the purpose of this paper was to showcase the influence of Big Platform in a larger setting. The second concept of Structural Power provides a tool to identify more subtle ways Big Platform deploys corporate power. (Quorning, 2021) The distinction of different sectors of influence comes very naturally through the distinction of corporate power made in theory and supports the analysis section of this paper. To the conducted research, it is crucial to have a clear distinction between sources of power available. A primary objective was to distinguish between incentives for political decision-makers to provide business actors with privileged access arising from Big Platform's privileged market position, concerns about National Security, and simply rising campaign and lobbying costs. For further research on the behavior of Big Platform, instrumental and structural power will continue to provide a potent theoretical approach, as it allows to focus on developing deliberate and strategic ways business exerts power on political actors.

Findings during the analysis on lobbying have shown a strong increasing trend in investments for Big Platform. In the 21st century, Big Platform is outmuscling previous big lobbying industries such as Big Oil and Big Tobacco. Since 2018 Big Platform has increasingly faced negative media coverage, and in order to compensate for this crack in the Platform-Consumer alliance, lobbying investments have risen in response. The informational advantage Big Platform enjoys due to its business model is further exacerbated through its

extensive networks of lobbyists allowing access to crucial insights and influence into the political processes in Washington. However, the findings of instrumental power will not be regarded as crucial for the case of Big Platform regulation. With Facebook and Amazon being the two biggest corporate lobbying spenders in the United States, instrumental power is influential but not deterministic, as the instrumental strengths of Big Platform are not exclusive to the platform-based business model. Lobbying as a political action has historically been used by many powerful industries and is therefore relatively less impactful in answering the proposed research question. Implications for further research could be analyzing the unique political strategies individual Big Platforms employ to make the most out of their lobbying investments.

The main finding from the analysis on platform power is that the current status quo creates a bias in favor of deregulatory politics. This is since platform power causes an alliance between consumers and Big Platform against state intervention. Here the role played by consumers is crucial in understanding the vulnerabilities and possible ways to regulate the platform-based business model. Such vulnerabilities flow from events that split the consumer-platform alliance or cue citizen, as opposed to consumer, political identities. Thus, political issues that highlight how the interests of consumers and those of the company diverge can disrupt the alliance. (Culpepper, 2019) Furthermore, identified societal harms such as Digital Gatekeeping power could be regulated through rules providing equal access on equal terms or forcing Big Platform to list their prices publicly. Similar strategies have previously shown success in tackling the monopolistic position of the railroad industry in the late 1800ths. (Khan, 2018) Regulating the integration across markets proves to be more of a challenge. However, structural remedies and prophylactic bans could limit Big Platform from entering certain lines of business. Amazon, for example, would be prohibited from operating both as a platform for online commerce and as a producer of goods. (Khan, 2018) Attempts to comprehensively regulate the informational advantage of Big Platform can be found in the European General Data Protection Regulation (GDPR). It should be noted that more successful forms of regulation are likely to include the structure of platform-based business models providing underlying incentives for these businesses. As seen by this understanding, this paper has shown that despite its importance, Platform Power is secondary reasoning (thereby not being THE primary reason) for lack of regulation.

By analyzing the legal frameworks that empower Big Platform Companies, it has been found that there are two significant legal challenges for the Federal Government to regulate Big Platform. First, actions taken by Big Platform have raised concerns due to their anti-competitive practices and invasive data analytics protocols. However, the findings of our analysis show that Big Platform was never in gross violation of the mainstream interpretations of antitrust laws that hold on the federal level. Specifically, this is due to antitrust law being predominantly designed to protect consumers from fiscal harm. As a result, they effectively allow for monopolistic practices within Big Platform. Furthermore, the findings during the analysis on competitive

practices have shown considerable overlap with societal harms caused by Platform Power. The core takeaway is that anti-competitive practices employed by Big Platform are tangible. However, consumers can intuitively accept these trade-offs as they are either neutrally affected or directly benefitting. As seen by this understanding, this paper has shown that despite its importance, Big Platforms' anti-competitive practices are secondary reasoning for explaining the current lack of regulation.

The national security analysis has led to the main findings that Big Platform provides effective services to the United Government agencies and holds a crucial role in maintaining global soft power. Both services align with and aid in the pursuit of the defined goals of the Government. However, the advantageous position of Big Platform puts the Federal Government in a dilemma. On one hand, the information gathered by Big Platform is crucial to maintaining domestic security within the United States through its position in developing technologies and providing critical services to US foreign security. However, on the other hand, it allows (even if restricted) for the systematic organization of radical political groups. Furthermore, it should be noted that through the Cambridge Analytica scandal in 2018, American policymakers and the American people grew aware that Big Platform can provide Visible Societal Harm by letting foreign interests influence the outcome of presidential elections. Big Platform endangering fundamental democratic processes created a general agreement between lawmakers and citizens that the status quo was damaged. However, this alone cannot counter the biggest concern of the Federal Government, the technological race with China. This paper argues that National Security is the primary factor inhibiting the federal Government from regulating Big Platform due to the essential role Big Platform investments play in the international race for the next technological frontier.

Ultimately, it can be stated that Big Platform provides incredible convenience that millions of US citizens utilize and depend on and also considerable societal harm. By provided definition, most identified societal harms remain invisible. However, the Cambridge Analytica in 2018 did increase the public scrutiny Big Platform is facing today. While this reduced the overall structural power of Big Platform, the scale was not sufficient to outweigh the benefits and convenience political entities and consumers receive. This showcases how essential Big Platform companies are to maintain the status quo of society. For regulatory measures to happen, the VSH caused by Big Platform has to be incredibly massive in scope. Likely, as much if not more so than the financial sector caused in 2008. However, it should be noted that the concept of VSH as applied in this research is based initially upon the harms caused by the US Finance industry in 2008. A potential flaw of this approach is to which degree the criteria used to measure societal dependence and VHS caused by the Finance industry apply to Big Platform. VHS caused by the financial sector resulted in comprehensive regulatory legislation. While VHS shown by Big Platform is not sure to call for legislative

action, however attempts to inhibit their harmful practices have substantially increased since Cambridge Analytica (Feiner, 2019).

Potential approaches to the research question should consider decreasing the scope of research as the chosen approach is quite extensive. However, the vastness and unique features of the American Technology industry require multiple approaches to power structures and sectors of influence, naturally extending the span of this paper. Moreover, the extensive scope brings the danger of a lack of analytical depth. It is indispensable to address multiple moving parts sufficiently for coherent research on the different factors inhibiting the US federal government from regulating Big Platform. Ultimately, the sizable analysis of different sectors influencing the case of Big Platform regulation clarified the different instrumental and structural channels used by these companies to inhibit the regulatory process. Furthermore, this paper formulated a unique contribution to the regulatory policy literature by introducing the new concept of Visible Societal Harm as a pathway to regulation. Applying this concept in a new framework based on theories drawn from relevant academic disciplines such as legal, political science, and economics shows an exclusive methodological approach and our contribution to the relevant literature.

# Conclusion

Throughout this paper, it has been endeavored to analyze the specific relations of power Big Platform has with the US Federal Government. This analysis answered the research question, "How is the US Federal Government inhibited from regulating Big Platform?". In that vein, this paper also set out to make a unique contribution to the existing literature by creating a framework for analyzing what causes the Federal Government to enact regulatory action. This framework included an applied understanding of an existing Societal Harm concept in regulatory action, which was done by analyzing a previous regulatory response to Visible Societal Harm. As well as a critical distinction of societal harms, namely Visible and Invisible Societal Harms.

The findings of this paper suggest multiple things. Firstly, the findings dictate that one of the major factors inhibiting the US Federal Government from regulating Big Platform Companies is the distinct lack of multiple present forms of Visible Societal Harm. This was mechanized by showing the strong dependency consumers, and the Federal Government have on Big Platform's services. This was furthered by showing that

since these services are essential to integrate into the modern world, consumers and the Government are willing to make trade-offs. Secondly, the findings also show how the Platform Power of Big Platform, along with the American Antitrust interpretations, feed this dependency. To elaborate, it was shown that the ability of Big Platform to prohibit and deny third-party sellers from competing with them creates an ecosystem where consumers have no real alternatives to Big Platform services. This alone has not caused massive calls for regulation due to Big Platform's consumer-favoring platform strategies, which shield them from intensive legal action and consumer ire. However, the primary reason Big Platform inhibits government regulation is due to the technological advancement and cyber-arms race the US is in with China. Finally, the findings in this paper suggest that the US Federal Government views the threat to national security and the American global hegemony by the Chinese Government as the most significant risks of regulating Big Platform.

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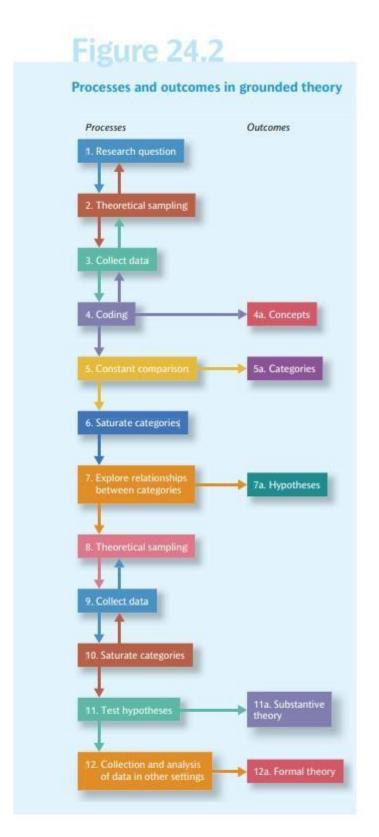
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Appendix 1 - Figure 24.2 (Bryman, 571).



Appendix 2 – Coding

# Date of submission International Business & Politics Student numbers: 2<sup>nd</sup> of June, 2022 Bachelor Thesis

odes		Q. Search Project	
Name	Files	References	
Economy Legal	2	255	
O Competition	2	158	
Anti-Competitive Concerns	2	65	
- O Anti-Competitive practices	1	43	
O Market Power	2	42	
O Pro-Competition	2	8	
E – O Economy	2	19	
— O Enhancing Growth	2	10	
O Inhibiting Growth	2	9	
□ - O Legislation	2	78	
-O Framework for Regulation and Antitrust	2	75	
O Laws	2	3	
O Platform	2	109	
□ - O Consumer abuse	2	41	
	2		
Concerns for Privacy, Data & Misinformation	2	22 9	
Privacy, Data & Misinformation     Residual abuse	2	10	
- O Consumer Benefit	2	67	
<ul> <li>Consumer Security and Privacy of Data</li> </ul>	2	20	
O Consumer Support	2	4	
O Consumer Utility	2	27	
Open Credible Information	2	16	
Security	2	159	
Democracy	2	92	
- O Democratic Concerns	2	54	
— O Enhancing Democracy	2	18	
Reducing Democracy	2	20	
US International Leadership and Domestic Security	2	67	
<ul> <li>Military and Security</li> </ul>	2	31	
Residual International Security Issues	2	7	
O Technological Leadership and Progress	2	7	
O US Hegemony	2	22	