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Both political parties have criticized big tech for years without coming to a consensus on how to regulate them. That appears to be changing, but any effort will likely be limited in nature rather than large-scale reform.

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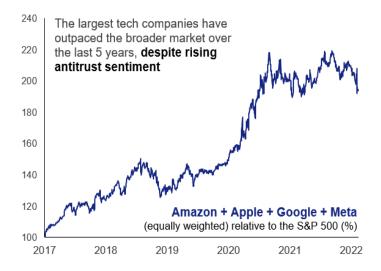
NEW MOMENTUM FOR TECH REGULATION

Tech Regulation Legislation Advancing in Washington

In June 2021, the House Judiciary Committee passed a slew of bills to rein in the big tech industry, but these bills did not move forward to a full House vote. Months later, we are seeing action on more limited bills in the Senate.

In January 2022, the Senate Judiciary Committee passed legislation by a vote of 16-6 that would prevent the large tech companies from preferencing their own products on their platforms, such as Amazon highlighting its products more prominently than those of its competitors or Google favoring its own shopping results through its search function.

Then in February, the committee voted 20-2 to advance a bill that targets Google and Apple's control over their app stores. Both bills were amended in committee to address concerns raised by the industry, but the votes demonstrate strong bipartisan support for action.



Senators still have concerns that could water down both bills further before they come to the floor for a vote. Congress has other priorities to address while members try to work out these issues, but the idea of limited tech regulation should be on investors' radar screens as an area for potential action.

Biden Administration Creating a Tougher Antitrust Environment

Both the federal antitrust regulators and the state attorneys general have been investigating antitrust behavior among the big tech companies, and these legal challenges will still take years to be finalized. However, the Biden administration's antitrust agenda is not directed just at the tech companies. The administration is also taking a tougher stance on approvals for any large merger. In recent months, antitrust enforcers rejected a large merger in the insurance industry and one in the defense industry.

With the recent run-up in inflation, President Biden is arguing that industry consolidation is leading to higher prices for consumers. Therefore, large mergers could have a target on their backs, whether the industry is tech, meatpacking, or pharmaceuticals.

In addition, Biden has appointed antitrust hawks as heads of the FTC, the Antitrust Division of the DOJ, and competition policy at the National Economic Council. These appointments create a more difficult environment for mergers with longer review times and the threat of no concessions for a deal to be approved.

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