By The Editorial Board

# BREAK UP GOOGLE!

Never in the history of the world has a single company had so much control over what people know and think. Yet Washington has been slow to recognize that Google's power is a problem, much less embrace the obvious solution: breaking the company up.

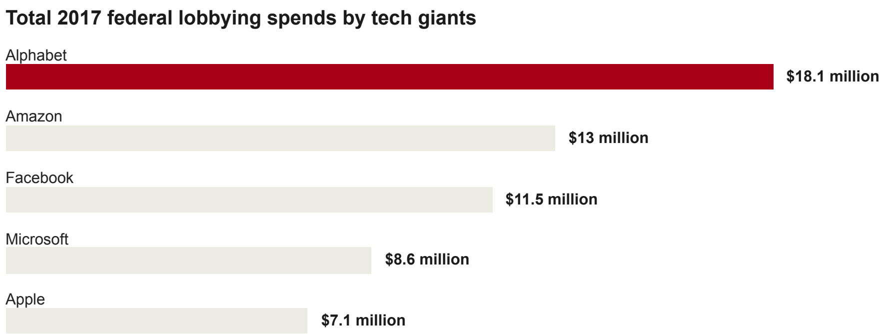
Google accounts for about 90 percent of all Internet searches; by any honest assessment, it holds a monopoly at the very gateway to information in the modern world. From there, the company's power radiates outward, dominating everything from maps to smartphone operating systems to video distribution — vacuuming up huge quantities of highly specific data about users along the way.

**Search engine market share in 2018**


**SOURCE: StatCounter**

Along with Facebook, Google owns sites and services that, by some estimates, influence 70 percent of all Internet traffic. Not coincidentally, the two companies also form a duopoly that gets 73 percent of all digital advertising in the United States, and virtually all the growth in ad spending, on the Internet. Once the lifeblood of a vital free press, and later of a vast array of independent sites serving every possible interest, ad dollars increasingly flow to two tech giants that organize information produced at other people's expense.

Google's power is bound to grow still more. Last year, it spent more on federal lobbying than any other company. By tweaking the way information appears on search pages, Google can already promote its own websites and banish competitors to digital oblivion. (Last year, European regulators fined the company $2.7 billion, alleging that it favored its own services over competitors'.) In coming years, as Google's vast data trove feeds ever more sophisticated artificial-intelligence algorithms, the search giant's lead over its competitors will lengthen.




SOURCE: Open Secrets

In the meantime, the company keeps getting bigger. When it can't beat competitors, it buys them, as it has done more than 200 times since going public. Increasingly, startups aspire not to dethrone Google, but to be acquired by it. It comes as little comfort that fellow giants Facebook, Amazon, and Apple hem in Google here and there. Competing in an information economy shouldn't require a market capitalization of a half-trillion dollars or more.

Yet the problem at hand is not merely economic. "A handful of people working at a handful of tech companies steer the thoughts of billions of people every day," notes former Google design ethicist Tristan Harris. A recent study of 10,000 people from 39 countries suggests Google "has likely been determining the outcomes of upwards of 25 percent of the national elections in the world for several years now, with increasing impact each year as Internet penetration has grown."

Why is a breakup of Google so unthinkable? Google's products are undeniably convenient. And, at least on the surface, they're free; average users are paying not with money, but with their personal data. The company has a near-spotless public image. The famous maxim from the company's early years — "don't be evil" — helped cement Google's public image as one of the good guys.

It is ironic that the company perhaps most responsible for unleashing a tidal wave of human creativity, learning, and, yes, competition is also stifling it. It is frustrating competition, discouraging innovation, punishing American business, and distorting the free marketplace of commerce and ideas.

Europe has led the wider fight over the right to privacy and the regulation of data, but the time is right for the United States to lead on dismantling tech monopolies — starting with the most powerful player. So, how to start?

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There are several ways to carve up Alphabet, the holding company of which Google is by far the largest and most important piece.

The particular lines of division are less important than the act itself, but one of the most promising splits would be to **separate Google search from the rest of the company's ventures** and open up the market for the advertising that goes along with search to other vendors.

Another option would **divide YouTube and Google's advertising units into stand-alone companies** and separate them from Alphabet's other ventures.

YouTube, for instance, is estimated to be a $15 billion per year business with 1.5 billion monthly users. (Alphabet doesn't release official breakdowns of the company's revenue.) If accurate, that would represent more than 10 percent of Alphabet's ad revenue and about 5 percent of global search.

If the advertising units, DoubleClick and AdMob, were spun off into stand-alone companies, meanwhile, it would introduce more competition into the digital advertising marketplace.

A more aggressive approach would also make **stand-alone companies out of YouTube, Android, and Google's cloud services (Gmail, cloud storage, maps, etc.)**, separating all of them from Google search.

The company recently announced that its cloud business has grown to a healthy $1 billion per quarter, with more growth projected.

Meanwhile, splitting off the Android operating system and its associated elements would fundamentally change Google's relationship with the booming mobile market, the future for search and advertising.

And that separation is critical to restoring real competition.

## A breakup is critical

Look at the corporate structure of Alphabet and you'll see a company that spans dozens of fields: e-mail and thermostats, mobile phones and driverless cars, artificial intelligence and virtual reality. But look at the ledgers and you'll see that Alphabet is primarily an advertising company that dabbles in blue-sky technology projects. More than 80 percent of the company's revenue comes from advertising — ads on search results, commercials on YouTube, and across the Google ecosystem. Google controls 88 percent of the search advertising market. "If you're not paying for the product, you are the product," may be too blithe a way of putting it. But that's the ad-driven business model that's been so wildly successful.

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That's come at a steep cost, especially — full disclosure — for the publishing industry. "Billions of dollars have been reallocated from creators of content to owners of monopoly platforms. All content creators dependent on advertising must negotiate with Google or Facebook as aggregator, the sole lifeline between themselves and the vast Internet cloud," notes Jonathan Taplin, author of "Move Fast and Break Things: How Google, Facebook and Amazon Cornered Culture and Undermined Democracy."

## Would regulation help?

Taplin has proposed some tools that could help tame Google, short of breaking it up. One would be to reassess the 1998 Digital Millennium Copyright Act, which grants almost total immunity to tech companies for copyright violations by their users. YouTube now earns billions of dollars in ad revenue off of user-contributed clips. But under the law, it's up to individual writers, musicians, and filmmakers to chase down piracy of their work. The law reflected the zeitgeist of the early Internet era, when any whisper of taxation, regulation, or copyright obligation looked like an existential threat to fledgling tech firms, but circumstances have clearly changed.

Another tool would be to prevent Google from acquiring additional tech companies like Spotify or Snapchat. Indeed, the Justice Department should be taking a closer look at acquisitions by all the major tech platforms. When Facebook took over Instagram and WhatsApp, the Obama administration shrugged, as if the social-media giant were just buying a couple of faddish apps for kids — rather than eliminating future rivals.

A third option would be for the government to regulate Google like a public utility, forcing it to license out its algorithms, for instance, to help spur competition. This is akin to what the government did in 1956: A consent decree required AT&T to license all its 7,800 patents royalty-free in exchange for allowing the company to continue to maintain its telephone monopoly. Some services, the logic goes, are natural monopolies; an upstart search engine is no more likely to outmaneuver Google than an upstart phone company was to string up new phone lines from coast to coast.

In the end, though, regulation of the Bell System wasn't enough to create a dynamic telecom marketplace. Three decades later, the Justice Department forced the company to split itself up.

To be sure, a consensus about how best to break up the company developed only after years of public discussion — about AT&T's power broadly, and about the specific intricacies of its vast holdings. Similar debate preceded the Justice Department's actions against Microsoft in the 1990s — which helped companies like Amazon, Facebook, and Google flourish.

For that to happen with Google, Americans need first to start talking about it. In the early days of Alexander Graham Bell's telephone company, or John D. Rockefeller's Standard Oil, few realized how much influence either firm would come to exercise. Similarly, we need to shift the way we think about the dominant tech platforms — and especially Google — which have steadily grown, within most American adults' living memory, from scrappy startups into forces dominating the economy. Our public debates about these issues need to accelerate, too, moving at the speed of technological change, rather than the speed of past precedent. Bewailing the power of tech platforms is not enough; the United States needs to develop regulatory and, yes, antitrust strategies for each of them.

Google is a monopoly because we've allowed it to become one. We've allowed it to grow at the expense of copyright holders. At the expense of rival search and advertising ventures. At the expense of startups that might someday challenge the giants. At the expense of a narrowing of the way a society acquires information. Today, the act of searching for an answer is synonymous with Googling. And the first answer for how to rein in this digital giant is also the best: break it up.

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*Correction: An earlier version of this editorial misstated the value of Google's cloud business. It has grown to $1 billion per quarter, not per year.*