

Europe

US/UK TECH POLICY & ECONOMIC GROWTH

By Tim Cowen



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In this article we outline below where we are, where we have come from, and where we may be going in digital markets. The following discusses the role that government can play in stimulating growth and the contrast between the approaches toward the same issues in the U.S., EU, and UK.

I. Where We Are

Both the U.S. and UK are advanced economies. We all shop, date, manage our finances, pay our taxes, and work online.² We engage with entertainment through the streaming of music, films, and games. We buy nearly everything online and suppliers need to be seen online to exist in the minds of the people who drive demand.

Our economies are digitized. Growth is driven by entrepreneurs with new ideas, who rely on key inputs such as access to capital, the ability to commercialize their intellectual property rights and a range of other factors such as highly skilled people. This has also been called a knowledge economy. The private sector plays a major role in driving growth – in a digital world, leaving aside the government-led digital defense products, this digital growth is driven by Silicon Valley. The question of what governments can do to increase growth has long been a major issue for many governments.

II. Where We Have Come From

As is well known, economic growth led by the private sector depends on business freedom. Governments can enable or get in the way. Removing restrictions to economic activity can thus stimulate growth. In the past century that meant government led growth could be created by removing the numerous laws and regulations

that prevented businesses from expanding to meet consumers' needs. The 1980's and 1990's "Liberalization of markets" increased growth and competition. By removing restrictions on competition in whole market sectors such as financial services and telecoms, companies were able to grow to meet demand. Markets expanded and wealth was created.

Now, by comparison with the 1990's and early 2000's, markets have been re-monopolized and the wealth generation is being held back. It is no exaggeration to observe that nearly all sales of nearly all products bought and sold online depend on visibility through the Big Tech Platforms. Whether someone is searching on Google, shopping on Amazon, playing games or music on Apple, or selling their furniture on Facebook marketplace, they are *trading* online.

Unfortunately, these Big Tech Platforms are the major channels of digital distribution. The CMA estimated in 2020 that Facebook and Google collectively take monopoly rents from the advertising that they control online. In today's numbers those rents represent over £1000 per UK household and are growing, with the CMA suggesting that monopoly rents account for between 40 and 60 percent of their profits.

Looking more closely, those rents are paid by producers, who bear the cost through overpriced ads. While consumers often receive free products or products that are at least free at the point of use, producers must pay Facebook and Google – without them nothing can be found or sold. So, advertising prices have gone up and up. And profits at Google and Facebook are higher and higher.

The issue of how to generate growth in modern economies has been thought about for many years by all governments from Estonia in the East, which was an early leader in digital technology adoption, to Australia down under with its regular Digital Enquiries from 2018. Removing constraints to the growth of digital markets is a stated high priority of the new Labour Government.³ What can be done?

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<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/howourspendinghaschangedsinceetheendofcoronaviruscovid19restrictions/2022->

[07-11 How U.K. consumer behaviour is changing - Think with Google.](#)

³ [Digital economy in the United Kingdom \(UK\) - statistics & facts | Statista.](#) Aside from consumer driven markets, growth of the UK economy requires

Since 2018 there has been a worldwide consensus on what to do. It means stopping Big Tech Platforms from buying up other companies and increasing their monopolies. The first Trump administration launched the blockbuster case against Google to break up its monopoly. The Biden Administration launched the *Ad Tech* case and the case to break up Facebook. The EU and Australian authorities launched a series of digital enforcement activities, with Germany taking the lead on cases against Facebook and France with relation to Apple. In simple terms, these all amount to stricter enforcement of antimonopoly or antitrust laws.

The UK's Furman review highlighted that AI could be monopolized by Big Tech and warned against allowing the last generation's ability to monopolies the future. The CMA blocked *Facebook/Giphy*, and significantly conditioned *Microsoft/Activision Blizzard*. The CMA also wrote seminal reports detailing the activities that infringed the law in reports published into Digital Advertising and Mobile Ecosystems. The EU Commission pursued investigations into Apple and Ad Tech. The EU passed the Digital Markets Act and has continued to pursue Google and the rest. The UK passed the DMCCA.

By 2024 strict enforcement had started to happen.

Then, following the election of the Labour Party in the Summer of 2024, and a seminar in the Autumn with the Big Tech Platforms, the newly elected Labour Government in the UK took a series of steps. It sacked the CMA chair, Marcus Brodrik and strict enforcement in the UK stopped. Trump was then elected in the USA. Everyone held their breath in the antitrust world. Before reviewing where we go next, it is worth having a look at the issues.

III. Analysis of the Issues: Constraints to Online Competition and Consumer Choice

increases in output from sectors where it has a comparative advantage. Previous DTI studies indicate two sectors stand out as strategically important in the UK economy: Finance, (including insurance and business services) and Defence - where spending is set to increase. These are included

The 2019 Furman report identified that a small number of major international platforms had the ability and incentive to dominate AI.⁴ In the course of the passage of the Digital Markets Consumers and Competition Bill, Professor Furman emphasized this concern to the House of Commons in 2023.⁵ He noted that these firms can, and likely will, restrict interoperability between their platforms and third parties, promoting their own products and shutting out competitors' products being seen by users. They can enable their own AI applications by training them on their horde of data, preventing better AI products from getting such training and better products never seeing the light of day.

Since 2019 the U.S., EU, and UK authorities all identified the following problems:

The UK CMA identified in its Digital Advertising Market Study (aka "DAMS")⁶ that digital platforms control distribution of new products and services. This was "likely to be the biggest source of harm to consumers"⁷ whether a new way to stream video, a cheaper and more effective payment system, or a new game, what is provided, when it is provided, and who it is provided to and for what price, is all controlled by the main platforms.

- a. The phrase "Unequal access to user data" was found to be distorting competition. This is not as clear as saying that the massive scale of billions of users signed in to Google, Apple Facebook etc. gives each of them data about those billions of users that smaller rivals do not have. The scale of the benefit is enormous. For new entrants, it is a mountain to climb.
- b. "Take it or leave it" terms and conditions are exploitative: end

in the 8 growth sectors [Invest 2035: the UK's modern industrial strategy - GOV.UK](#).

⁴ Furman Review (2019), Unlocking digital competition. Stigler Center (2019), Committee on Digital Platforms Final Report.

⁵ [Hansard 13 June 2023](#).

⁶ [Final report](#).

⁷ See para 8.

- users and publishers have no choice about the data they share. Users wanting to use the service do so on exploitative terms, publishers wanting to be found online accept exploitative terms. Users and publishers are exploited by the new middlemen of the big tech age.
- c. The Apple and Google ownership of browsers allows them to control advertising by anyone online. Cookies were identified as essential to online interoperability and competition for advertising over the internet depends on them. Google and Apple's coordinated demonization of them was found to be in their interest.
- 2) The CMA's Mobile Ecosystems Study ("MEMS")⁸ found Apple and Google to have an "effective duopoly"⁹ and control over browsers, operating systems and apps stores that give them positions as key gatekeepers to online content. They overcharge app suppliers and restrict interoperability and choice of apps available from the Open Web.¹⁰
 - 3) In November 2024 the CMA Provisional Decision¹¹ on Browsers and Cloud Gaming emphasized the browsers role as the gateway to the web and ***"businesses are limited in their ability to reach consumers through browser apps"*** and ***"this could be limiting innovation and growth in the UK."*** It revealed the full extent of the Information Services Agreement between Apple and Google. In that agreement, Google pays Apple 36 percent of its search advertising revenue. It is an agreement between the two browser owners that expressly enables Google to restrict Apple's browser innovation. The scale of

payments (\$25-40bn pa) creates a joint venture.

- 4) On August 5, 2024 the ***USA v. Google*** case that Trump had started in his first term was decided by Judge Mehta. He found that there is a deal between Apple and Google that helps Google monopolize search. Apple is incentivized to maximize Google's advertising revenues and is paid 36 percent of the revenues generated by Google. Agreements also exist with other platform vendors including Samsung and Mozilla, and there is a network of default agreements with telecoms companies worldwide, with Google paying them to sell handsets with Google search embedded as the default search engine.
- 5) The 2025 CMA's Provisional Decision on Cloud Services¹² recognized cloud services now underpin the entire UK economy. Amazon, Microsoft, and Google control the key cloud computing platforms needed for AI development and are variously "locking-in" business customers into their initial choice of provider. CMA has found this limits choice of cloud provider and AI technology.

IV. Where Are We Going: The Trump Administration and Little Tech

Initial pictures of all the CEOs of Big Tech at Trump's inauguration suggested the new administration was keen to protect them all. The "Broligarchy" that had each paid \$1 Million to attend the Inauguration was taken to have the president's ear. However, it soon became clear that this was not so.

The Trump White House announcements in January 2025¹³ indicated the future direction of the U.S. authorities appointed by President Trump to enforce U.S. antitrust law. They reflect the efforts of leading Silicon Valley investors such

⁸ [Mobile ecosystems market study final report - GOV.UK](#).

⁹ See MEMS 3.176.

¹⁰ See MEMS 2.31-2.32. and a list of constraints in 4.208.

¹¹ [Provisional decision report summary](#).

¹² [Provisional decision report](#).

¹³ [Strengthening American Leadership in Digital Financial Technology – The White House](#).

as Andreessen Horowitz and Y Combinator as supporters of “Little Tech” (i.e. tech startups) against domination by Big Tech Platforms.

Little Tech and their investors are concerned that Big Tech Platforms (i.e. Apple, Meta and Google) are impeding distribution and “the diffusion of new technologies invented by smaller companies,” resulting in less dynamic and competitive markets.

Vice President Vance’s roots are in Silicon Valley. He is developing an AI action plan supported by the investors in “Little Tech.”¹⁴ His Paris AI speech¹⁵ stated that U.S. laws will be there to keep Big Tech, Little Tech, and other developers on a “level playing field” and recognized the need for an international regulatory regime that fosters AI rather than **strangles** it.¹⁶

The U.S. aims to be at the forefront of AI and the AI “tech stack.” As Vance put it, the U.S. possesses all components across the full AI stack, including advanced semiconductor design, frontier algorithms, and transformational applications. But he recognized that computing requires collaboration. His perspective accepts “competition on the merits” and innovation being central to U.S. economic growth. Where markets have been opened to competition and trade, private practices by the Big Tech Platforms that limit or prevent Applications and AI models from fulfilling their potential need to be addressed through strict antitrust law enforcement.

Google’s AI Overviews is an example. These AI Overviews provide brief, AI-generated summaries and links at the top of a search page – allowing Google to benefit from and exploit content creators’, simultaneously limiting consumer choice over sources and reducing the demand for journalism and editorial content. Notably, the DOJ is seeking a remedy which will enable publishers to “Opt-Out” of Google’s AI Overviews; (this has not been accepted by

Google).¹⁷ The DOJ’s interventionist position is supported by both the News + Media Association that represents over 2000 U.S. news publications and Y Combinator. Both have filed Amicus Briefs in support of the DOJ’s intervention that would require Google to provide an Opt-Out from Google’s AI overviews.

V. Misalignment with the U.S. and EU

The position since October in the UK is, surprisingly, at odds with the U.S. This misalignment with the U.S. has been shown most sharply with relation to UK copyright law. The UK Government’s Data (Use and Access) Bill, published in late December, proposes that AI text and data mining will have an exemption from copyright law.¹⁸

In practice, as pointed out many times by Baroness Kidron on behalf of the UK creative industry, with the support of the NMA’s Make it Fair campaign and the coalition of creative industries, the UK’s £120Bn creative industries are facing elimination. The withdrawal of copyright protection would result in UK creators’ intellectual property being legally accessible for ingestion by the large language models owned by U.S. monopolists – clearly at odds with the Trump administration’s priorities as laid out above.

Despite four defeats in the House of Lords – most recently on June 2, 2025, led by Baroness Kidron – the UK Government’s continued push for this approach raises deep questions about why and who benefits.¹⁹

The UK’s technology secretary has expressed “regret” over the government’s decision to state its “preferred option” on AI and copyright was requiring rights-holders to “opt out” of their material being used by AI companies.²⁰

While the EU presses ahead with enforcement cases under the DMA, the UK’s position lags further and further behind. Since 2020 there

¹⁴ [The Little Tech Agenda | Andreessen Horowitz.](#)

¹⁵ [Remarks by the Vice President at the Artificial Intelligence Action Summit in Paris, France | The American Presidency Project.](#)

¹⁶ [Deconstructing JD Vance’s Speech On AI, Aided By Some Lessons From History.](#)

¹⁷ <https://www.theverge.com/news/671711/google-ai-overviews-search-publisher-data-choice>.

¹⁸ [Government AI copyright plan suffers fourth House of Lords defeat - BBC News.](#)

¹⁹ [Government AI copyright plan suffers fourth House of Lords defeat - BBC News.](#)

²⁰ [UK minister admits ‘regret’ over AI and copyright row – POLITICO.](#)

have been a series of reports but no enforcement action.

The UK may now find it has misread the U.S. position toward technology its impact on growth. The Trump administration supports Little Tech. This is not as partisan or political it has often been cast; Little Tech will be more likely to drive U.S. growth and U.S. jobs. To that end the Trump administration supports the vigorous enforcement of antitrust, breaking up monopolies and enabling growth evidenced by continuing enforcement action prioritizing the cases that would breakup Meta and Google.

The case for the UK to evolve is compelling.

Almost 15,000 businesses are involved in the development of apps used on mobile devices in the UK, and the total UK revenue for app development is estimated to be around £28 billion. Many other businesses are seeking to bring forward technological developments on mobile devices like digital wallets, as well as connected devices like headphones and smart watches which work with mobile devices. It's important that these markets work well for all businesses, large and small, to create maximum opportunities for growth, investment and innovation across the UK economy.²³

VI. CMA SMS Investigations

On January 23, 2025, the CMA launched an investigation under Part 1 of the Digital Markets, Competition and Consumers ("DMCC") Act 2024 into whether to designate Google as having strategic market status ("SMS") in the provision of mobile ecosystem services – including its mobile operating system, native app distribution platform and mobile browser and browser engine.²¹ This investigation runs parallel to the SMS investigation into Apple's mobile ecosystem.²² The investigations will explore the impact on people who use mobile devices and the thousands of businesses developing innovative services or content such as apps for these devices.

Virtually all mobile devices sold in the UK are pre-installed with either iOS (Apple) or Android (Google) and Apple's and Google's own app stores and browsers have either exclusive or leading positions on their platforms compared to alternative products and services. This means Apple and Google are also able to exert considerable influence over much of the content, services, and technological development provided on a mobile device.

²¹ [SMS investigation into Google's mobile ecosystem - GOV.UK.](#)

²² [SMS investigation into Apple's mobile ecosystem - GOV.UK.](#)

²³ [CMA to investigate Apple and Google's mobile ecosystems - GOV.UK.](#)