



DIGITAL PLATFORM REGULATION: A LEGAL FRAMEWORK FOR INNOVATION

is there a role for antitrust?

PERSONAL EVOLUTION IN ANTITRUST PHILOSOPHY

- Started as interventionist believing markets naturally concentrate toward monopoly
- After 25 years practicing competition law and research, realized natural monopolies are extremely rare
- Monopolies typically result from state intervention creating artificial barriers
 - State blocked entrances, killed mavericks, supposedly to protect local industry
- In general, markets perform better when state stays away from intervention
- Innovation reaches unbelievable levels without state protection
- "Natural monopolies" often wrongly labeled - actually are legal monopolies because derive from state protection

HISTORICAL CONTEXT: LATE 1800S ANTITRUST ORIGINS

- Antitrust movement began due to concentration in oil/gas and steel industries
- Two main trusts provoked state reaction:
 - Standard Oil (oil and gas industry)
 - US Steel Corporation (steel industry)
- These trusts concentrated economic power → political power → huge influence
- Population demanded state reaction, launching antitrust movement

MODERN DIGITAL PLATFORMS VS HISTORICAL TRUSTS

- Current platforms/AI players are fundamentally different from 1800s trusts
- Key differences:
 - Face fierce internal competition from platform users offering rival products/services
 - Operate in speedy, dynamic, constantly changing economy
 - Daily technological disruptions

MODERN DIGITAL PLATFORMS VS HISTORICAL TRUSTS

- Examples of rapid market changes:
 - TikTok becoming dominant player (unpredictable 10 years ago)
 - Nvidia becoming one of most valued companies worldwide
 - Many current dominant players didn't exist 10 years ago

INTERNET DEPENDENCY AND DIGITAL WORLD REALITY

- Internet plays crucial role in daily life
- People panic without internet signal
- Connected to others, services, products, relatives through internet
- New technologies and offerings change daily
- Problems exist: discrimination, bottlenecks, challenges

SCHUMPETERIAN APPROACH TO STATE INTERVENTION

- References Schumpeter, Milton Friedman, Austrian School economists
- State should refrain from intervening in citizen's life/freedom
- Exception: when artificial barriers to freedom exist, state should address
- Schumpeter's preference: state should support innovation and finance entrance rather than direct intervention



PRACTICAL AI MARKET INTERVENTION STRATEGIES

- Current concentration issue: data centers, cloud services, energy sources
- Traditional intervention approach:
 - Make concentrated data centers accessible to others
 - Require reasonable, non-discriminatory pricing
 - Grant fair conditions for newcomers to use infrastructure

PRACTICAL AI MARKET INTERVENTION STRATEGIES

- Preferred Schumpeterian approach:
 - Create incentives for new data centers and cloud services
 - Support package investments: data centers + cloud services + electric generation
 - Ideally renewable electric generation power plants
 - Offer rivalry to existing concentrated infrastructure
- Recommends modern approach over 100+ year old intervention methods

ACTION ITEMS

- Research Schumpeterian competition policy alternatives to traditional antitrust intervention
- Analyze current data center and cloud service market concentration
- Investigate state incentive programs for renewable energy-powered data infrastructure
- Compare effectiveness of access regulation vs. market entry support in digital markets

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