

Against the Vertical Discrimination Presumption

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The notion that self-preferencing by platforms is harmful to innovation is entirely speculative. Moreover, it is flatly contrary to a range of studies showing that the opposite is likely true. In reality, platform competition is more complicated than simple theories of vertical discrimination would have it, and there is certainly no basis for a presumption of harm.

Over the past several years, a growing number of critics have argued that big tech platforms harm competition by favoring their own content over that of their complementors. Over time, this “vertical discrimination presumption” has become the go-to argument for big tech’s staunchest critics seeking to level novel charges of anticompetitive conduct against these platforms. Indeed, judging by the grandiose claim made by one critic at a recent Senate hearing—“*Digital platform self-preferencing threatens the American Dream*”—the argument may be the very apotheosis of “populist antitrust.”

According to this line of argument, complementors are “*at the mercy*” of tech platforms. By discriminating in favor of their own content and against independent “*edge providers*,” tech platforms cause “*the rewards for edge innovation [to be] dampened by runaway appropriation*,” leading to “*dismal*” prospects “*for independents in the internet economy—and edge innovation generally*.”

The problem, however, is that the claims of presumptive harm from vertical discrimination are based neither on sound economics nor evidence.

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