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Jackson Square Book Talks

TIM WU: INSIDE TECH MONOPOLIES

A Commonwealth Club Presentation sponsored by Jackson Square Partners

What are the implications of a few massive firms controlling global industry? Has the failure to curb corporate power reinforced inequality and hurt democracy?

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COMMONWEALTH CLUB

Tim Wu
Professor, Columbia Law School;
Author, The Curse of Bigness:
Antitrust in the New Gilded Age

In Conversation with
Alexandra Suich Bass
Senior Correspondent for Politics,
Technology & Society, The Economist

OUR KEY TAKEAWAYS

¾ of industries in America have become more consolidated in the last 20 years

Why? A changing interpretation of anti-trust law

- To ensure that the economy was competitive, without monopoly domination by blocking mergers that would create these conditions
- Enforcement has been narrowed down to a focus on price impact
- Regulators haven't adapted to an economy where competition doesn't show up in accounting, because the market is for attention and data

Consequences

- Wealth and income inequality
- Labor conditions – fewer employers tilts power to corporations
- Private power that rivals public power, and undermines democracy
- Negative consumer impacts
  - Declining entrepreneurship: Large companies develop a "kill zone" in their dominant area where competition cannot grow
  - Consider the example of Facebook, without competitive pressure they could: increase advertising on their platform significantly, erode privacy protections, run security risks and use their war chest to buy their way out of govt scrutiny.

What would Wu do?

- Retroactive trust busting
- Leverage anti-trust to shake up industries and spur new growth (Lesson from history: IBM investigations can be tied to innovation in software and personal computing)
- 'Policeman at the elbow' theory – even unsuccessful investigations can spark better behavior that promotes competition
- Move away from the price impact evaluation and view through a lens of if the company is a "bad actor" or supports the public good
- Revise the law to address the new data and attention economy