

UCLA Institute for Technology, Law and Policy
Panel Discussion: Is Big Tech Too Big?
September 18, 2020

Transcript

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00:00:03.060 --> 00:00:14.280

John Villasenor: Okay, so I'd like to welcome everyone to our webinar today under the title is big tech too big. I'll give a little bit of background, and then we'll get right into it.

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John Villasenor: So this webinar this panel session is being held by the UCLA Institute for Technology law and policy where

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John Villasenor: A new institute that we just launched earlier in 2020 and as the name suggests, looking at issues at the intersection of technology and law.

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00:00:31.710 --> 00:00:40.410

John Villasenor: And we're really excited today to have two terrific panelists to talk with us about this really timely important question of whether big tech is in fact too big.

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00:00:40.950 --> 00:00:48.120

John Villasenor: And so the plan is that what I'll do is I'll give some brief biographical introductions to each of the two panelists.

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John Villasenor: Each of the two panelists will then speak for about five minutes just to give some overall perspectives. I'll then go through a set of questions that I've prepared.

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John Villasenor: On the topic that'll last probably 30 minutes or so. And then the last 10 or 15 minutes

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John Villasenor: What we'll do is we'll take questions from the panel from the participants and participants at any anytime during the

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00:01:11.580 --> 00:01:19.020

John Villasenor: Event are more than welcome to use the Q AMP a tab on the interface at the bottom of the screen and type in a question.

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00:01:19.410 --> 00:01:26.580

John Villasenor: And depending on how many questions. There are of course get get to as many as I can. And I'll be able to see the questions and direct them.

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00:01:26.850 --> 00:01:34.710

John Villasenor: To the panelists. So without further ado, let me start by introducing our panelists. So first we have ash because Aryan

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00:01:35.160 --> 00:01:44.910

John Villasenor: She is the Director of civil liberties at Tech freedom, where she works on issues such as content moderation and the intersection of constitutional rights and technology.

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00:01:45.330 --> 00:01:56.760

John Villasenor: She's also an expert at the federalist societies emerging technology working group. She received her specialist in law degree from Lomonosov Moscow State University, a master of law degree from Yale.

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00:01:57.270 --> 00:02:07.800

John Villasenor: And is completing her PhD in law after law school of luminosity masks Cal State University. Our second panelist Alex Petrus currently works as policy council at public now.

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00:02:08.430 --> 00:02:17.670

John Villasenor: Where he focuses on anti trust and broader platform accountability issues. Prior to joining public knowledge he worked for senators at club char Richard Blumenthal

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00:02:18.150 --> 00:02:35.340

John Villasenor: Joe Donnelly, and also the House Committee on Oversight and Reform. He received his JD from Georgetown University Law Center and his BA from Yale. So let me start first with ash and if you've had a few minutes of comments that you'd like to offer, the floor is yours.

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00:02:36.570 --> 00:02:41.610

Ashkhen Kazaryan: I'll be very brief, I think it would be much more entertaining for everyone if we get into the discussion.

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00:02:41.940 --> 00:02:52.860

Ashkhen Kazaryan: One thing I just wanted to mention when we discussed antitrust law and just the changes to an interest law in conjunction with a pet often even if you look at the weakness hearings Congress

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00:02:53.430 --> 00:03:01.260

Ashkhen Kazaryan: People are upset about one thing that tech companies have done and they want to use antitrust law to punish them. So you have heard

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00:03:01.650 --> 00:03:09.000

Ashkhen Kazaryan: Republicans be upset about a conservative bias. And that's why they want to break them up and you've heard democrats be upset about privacy.

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00:03:09.270 --> 00:03:12.930

Ashkhen Kazaryan: Policies that some of these companies have and that's why they want to break them up.

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00:03:13.320 --> 00:03:26.190

Ashkhen Kazaryan: So before we, you know, get into the discussion. I wanted to preface it by saying that sometimes the motives behind different moves and bills that are going to occur as we move forward. Are those very thing that I find very

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00:03:26.850 --> 00:03:29.190

Ashkhen Kazaryan: Problematic in my personal opinion is the timing.

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00:03:29.580 --> 00:03:39.960

Ashkhen Kazaryan: So we're in the middle of a pandemic and especially in the first few months of the pandemic when things were really bad say whatever you want about tech companies, but they have stepped out and if anything, I think.

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00:03:40.290 --> 00:03:45.480

Ashkhen Kazaryan: Without them, we would have not been able to stay at least somewhat sane and connected

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00:03:45.870 --> 00:03:59.400

Ashkhen Kazaryan: I, for example, have family in Moscow. Most of my family's there and if it wasn't for all of those different tools. I wouldn't just be able to check in and know how they are just in general, living by myself in DC and being stuck in my apartment.

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00:04:00.150 --> 00:04:08.580

Ashkhen Kazaryan: If it wasn't for social media. I don't know. I would have come out of it. Not that would come out of it, but I don't know if today I would be able to function as a fully

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00:04:09.420 --> 00:04:16.920

Ashkhen Kazaryan: You know, saying adult, so to speak. And so with the timing right like we're in the middle of the pandemic. The economy is obviously

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00:04:17.190 --> 00:04:26.970

Ashkhen Kazaryan: Dropping there is no consensus trying to pass bills to help the workers and everyone who's lost their jobs and so many other things. And then we're here having a hearing, after hearing

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00:04:27.630 --> 00:04:38.340

Ashkhen Kazaryan: Over antitrust and tech companies and breaking them up. We're a month away from the election. And for some reason, Congress is finding time to, you know, drag all the virtually drag

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00:04:39.030 --> 00:04:47.310

Ashkhen Kazaryan: You know, CEOs of tech companies into session. I think these issues are extremely important and they should be discovered and they should be discussed.

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00:04:47.550 --> 00:04:56.130

Ashkhen Kazaryan: But timing for me is problematic. I think we need to be focusing on other things right now and then, after the election. Yeah, let's do this, let's have this conversation.

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00:04:57.780 --> 00:05:01.860

John Villaseñor: Okay, thank you very much. Alex any opening thoughts that you'd like to offer.

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00:05:03.510 --> 00:05:14.670

Alex Petros: So, this hearing is entitled is the tech too big. But I want to focus my opening remarks and why you should look past just their facts.

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00:05:15.540 --> 00:05:25.740

Alex Petros: But at the outset, it's important to note that their size. Pretty can certainly there are four major online platforms that just about everyone knows

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00:05:26.160 --> 00:05:38.640

Alex Petros: Amazon Apple, Google and Facebook. So when I talked about dominant digital platform. It's think of these for these four or four of the most profitable companies in the

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00:05:38.640 --> 00:05:53.070

Alex Petros: World. They've grown in an Astra nominal rate and in times of a pan democrats traditional businesses have struggled they've continued their ascension. We are more reliant on them, then effort.

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00:05:54.120 --> 00:06:03.450

Alex Petros: They are far more than just their humble the beginnings. Google is more than just a search engine. Facebook is more than just a social

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00:06:05.190 --> 00:06:05.700

Alex Petros: Network.

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00:06:06.780 --> 00:06:15.000

Alex Petros: They have their tendrils and almost every single he merchant tech market, things like AI or cloud can Putin.

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00:06:16.080 --> 00:06:22.920

Alex Petros: So what. So what makes these companies different than say a big railroad or a big oil company.

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00:06:23.610 --> 00:06:32.220

Alex Petros: These are the type of companies are anti trust laws were designed to tackle and they do a generally good job of it.

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00:06:32.910 --> 00:06:38.280

Alex Petros: Well, there are several you unique things about these platforms that makes them hard to regulate

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00:06:39.000 --> 00:06:50.160

Alex Petros: First up network effects. So the best way to describe this is it to me, in the words of The Little Mermaid. I want to be where the people

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00:06:50.850 --> 00:07:12.120

Alex Petros: So as platform. Sign up more users, it becomes more valuable to each individual user. So I if I'm selling goods. I want to sell my goods at a place where there are a lot of people to buy them. I want to join a social network where I have friends. You don't want to be shouting into the void.

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00:07:13.530 --> 00:07:30.150

Alex Petros: This in makes it hard to hold the growth of an established incumbent platform second date date keeper or a bottleneck power. So we tend to think of the internet as a D centralized place to kind of wild west, but think of

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00:07:30.210 --> 00:07:49.230

Alex Petros: Where you start your internet browsing sessions where do you start maybe it's a Google search checking on what's new on Insta maybe if you're looking for a product, you started on Amazon. These companies are much more powerful than you think. Due to their strict

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00:07:50.580 --> 00:08:00.120

Alex Petros: Teacher spot on the internet value chain. So when you have to go through them to get to a wide area of commerce, they can very much taken advantage of that.

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00:08:00.810 --> 00:08:08.790

Alex Petros: Third unique features of data. So these platforms run on data and that we aren't so much the customers. We are the

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00:08:09.390 --> 00:08:18.240

Alex Petros: Products, really, you know, many of them are free, but they collect data on us to give to advertisers, so they can target us with ads.

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00:08:18.780 --> 00:08:28.680

Alex Petros: Data is a pretty weird good and that it's not rivalrous and my use doesn't really impact yours. But the big thing to remember with data, is there a massive increasing returns to scale.

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00:08:28.980 --> 00:08:35.010

Alex Petros: So it's way more valuable to get more data on one person. And it's also way more valuable to get more data and more

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00:08:36.120 --> 00:08:42.000

Alex Petros: People. This means the platforms with a lot of data on a lot of people are far more valuable.

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00:08:42.540 --> 00:08:48.780

Alex Petros: And finally, consumers stickiness. So we tend to single home and go with the default option.

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00:08:49.140 --> 00:08:57.810

Alex Petros: So for this. I like think of Google Maps vs Apple Maps. When I first when Apple Maps first came out, I downloaded on my phone.

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00:08:58.050 --> 00:09:08.040

Alex Petros: I realized I didn't think it was as good as Google Maps and since then I deleted it. And I haven't looked at it, since we're not constantly checking to see if a better option is coming on.

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00:09:08.370 --> 00:09:17.370

Alex Petros: And most people don't change their default options. It's too much of a bother really. And again, this makes it much harder to break in incumbents.

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00:09:17.850 --> 00:09:33.300

Alex Petros: Power. So, in the interest not bumming everyone out too much. What's the answer to me, it's clear that no case no congressional report or no targeted breakup is enough. But there is a clear answer shining light to me and to trust darkness, if you will.

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00:09:33.810 --> 00:09:37.920

Alex Petros: And that's a new digital regulatory agency to act as a watchdog here.

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00:09:38.370 --> 00:09:55.800

Alex Petros: So this new digital regulator couldn't for strong interoperability rules and sharp platforms don't favor themselves and even conducting current merger of you have long side the FTC and DOJ. I look forward to speaking with you all, and answering your questions.

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00:09:56.070 --> 00:10:02.640

John Villasenor: Okay. Well, thank you very much to both of the both of you. And let me just launch right into the first question here. So my first question is,

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00:10:03.030 --> 00:10:18.870

John Villasenor: Is new legislation, the right way to address concerns about big tech and how might that either help some of the concerns that have been raised or create some negative unintended consequences that we wouldn't have thought of box there.

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00:10:21.330 --> 00:10:21.930

Ashkhen Kazaryan: I can start

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00:10:24.000 --> 00:10:28.320

Ashkhen Kazaryan: So I was just gonna say, and then Alex and I can kind of riff off each other but

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00:10:28.620 --> 00:10:36.870

Ashkhen Kazaryan: If you think about new legislation, what exactly would be net legislation so up to this moment. We have had an antitrust the consumer welfare standard

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Ashkhen Kazaryan: That has been the leading standard in how we define who has the market power, who has abused it are about consumers being hurt by that.

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00:10:47.670 --> 00:10:58.170

Ashkhen Kazaryan: Actions and that's what we have DOJ and FTC and the courts applying now obviously there is this new movement to which we've kind of alluded to, but talks more about

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00:10:59.430 --> 00:11:08.610

Ashkhen Kazaryan: Breaking up tech companies and addressing them based on just their size or the fact that they're in different segments of the economy and things like that and

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00:11:09.750 --> 00:11:19.770

Ashkhen Kazaryan: I am just interested in knowing what it would look like on paper. Right. We haven't seen any legislation that would have it on paper. So it's hard to assess the effects.

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00:11:20.220 --> 00:11:24.510

Ashkhen Kazaryan: To me just initially of breaking up tech companies.

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00:11:24.990 --> 00:11:36.900

Ashkhen Kazaryan: Based on innuendo or opinions or feelings about them might not be the best way to go, but I also am not gonna pass final judgment until I see what exactly is proposed because

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00:11:37.260 --> 00:11:47.070

Ashkhen Kazaryan: Let's think about even Facebook right Facebook when Facebook bought Instagram for a billion dollars Instagram was not making any money and people in the industry were making fun of Mark Zuckerberg.

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00:11:47.310 --> 00:11:54.420

Ashkhen Kazaryan: For paying that much money, and also that was, by the way, Obama years and Obama FTC and Obama DOJ proved that

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00:11:55.140 --> 00:12:11.430

Ashkhen Kazaryan: Acquisition. So things like that are something to keep in mind as we kind of work through whatever the new framing framework would be because we've kind of relied on this old antitrust framework for almost a century almost

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00:12:13.740 --> 00:12:25.500

Alex Petros: Yeah, no, I mean, I would argue that we have, you know, red light on that framework and, you know, I think that these platforms are different in a way in, I think, you know,

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00:12:26.310 --> 00:12:33.360

Alex Petros: Legislation here to update our anti trust laws could certainly be be part of the way to go.

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00:12:33.690 --> 00:12:49.680

Alex Petros: You know, I think anti trust in general, you know, is pretty good at kind of regulating the simple classic market that we think of, you know, your to milk producers are merging and then all of a sudden the price of milk doubles, you know that that sort of thing.

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00:12:50.700 --> 00:12:54.810

Alex Petros: But here I think we really need a combination of regulation with the

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00:12:55.950 --> 00:13:03.180

Alex Petros: Legislation for looking at legislation. I think there are several bills out that are great, you know,

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00:13:03.240 --> 00:13:05.520

Alex Petros: plug my old boss has some

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00:13:05.760 --> 00:13:21.000

Alex Petros: Has some great bills with the merger miners station act to, you know, up filing fees, get our, our anti trust agencies, you know, people who are overworked under an underfunded some much needed fun

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00:13:21.720 --> 00:13:31.170

Alex Petros: There a hurt anti competitive exclusionary conduct Prevention Act. I think it's great. Kind of looking at, you know, x

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00:13:32.160 --> 00:13:43.320

Alex Petros: Visionary conduct with a dominant firm, especially a lot of what's the platforms. Good, good, up to, I think, you know, our kind of doctrinaire into Tesla has had some some issues.

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00:13:44.550 --> 00:13:48.600

Alex Petros: Reaching so I definitely think it, it could be part of it.

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00:13:49.140 --> 00:13:51.240

Ashkhen Kazaryan: So I didn't want to. Sorry.

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00:13:51.630 --> 00:13:57.600

Ashkhen Kazaryan: Yeah, I just wanted to also say for the sake of definition and kind of setting the table to

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00:13:58.020 --> 00:14:08.190

Ashkhen Kazaryan: Um, we are going to use interchangeably dominant and monopoly. But if you look at what it means right now right on the books. What is on the books right now, not the proposed bills.

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00:14:09.180 --> 00:14:20.070

Ashkhen Kazaryan: None of the companies we listed right you listed before big tech companies, none of them are competing in an identical market. They all have very separate markets, you can compare what Apple does

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00:14:20.400 --> 00:14:32.400

Ashkhen Kazaryan: They don't even have, you know, a network Apple VERSUS GOOGLE versus Facebook or Amazon. Amazon has 38% of e commerce market, and that includes first sales and sales from third parties.

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00:14:33.090 --> 00:14:45.030

Ashkhen Kazaryan: I see a lot of data that is being used about how certain companies dominating certain market and it's the most specific thing. It's like Google searches on a Monday at 2pm PST

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00:14:45.570 --> 00:14:57.900

Ashkhen Kazaryan: Kind of they dominate more than two thirds. And that's the DOJ guideline definition is you would be a monopolist and market if you have more than two thirds of the market and also varies, I believe.

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00:14:58.380 --> 00:15:12.360

Ashkhen Kazaryan: No person perspective you being kicked off with that market and things like that. Obviously, right now we have these four tech companies and we live in a digital era we have entered the digital era as we entered 21st century. So they seem like these.

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00:15:13.320 --> 00:15:23.670

Ashkhen Kazaryan: On movable parts of our lives. But if you think just 10 years ago they were the same articles and there were seeing headlines that Myspace is too big to fail. Yahoo is too big.

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00:15:23.940 --> 00:15:31.410

Ashkhen Kazaryan: And we were just kind of building up to that. And if you look what's going on in social media right right now and platforms like that is

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00:15:32.160 --> 00:15:42.420

Ashkhen Kazaryan: The hope the Jen's ease, which I am not. I'm a millennial Jen's ease. None of them on Facebook. They're all in tip top which is by the way, Chinese company which we can talk about separately.

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00:15:42.810 --> 00:15:55.470

Ashkhen Kazaryan: But we're already seeing, you know, new players entering the market and when, at least as of right now, if you look at amount of users that have joined platforms.

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00:15:55.950 --> 00:16:10.770

Ashkhen Kazaryan: Over coronavirus and since the beginning of 2020 hip hop was number one their numbers were unmatched by anyone else. And I think that's just an example of how something new and innovative can come in and disrupt the current incumbents.

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00:16:12.870 --> 00:16:31.860

Alex Petros: Yeah, no, I think there's a lot of truth there, and I agree that, like, you know, we can be more careful of, you know, if I think it's, for example, I think it's hard to call Amazon and Napoli in you know like in you know online retail, but I think particularly when you look at Facebook and

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00:16:33.000 --> 00:16:49.350

Alex Petros: Google to kind of zero in on them. I mean, I am comfortable saying that they both have that Facebook has see African market power. I will call it in the, you know, in social net working and also display effort.

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00:16:50.580 --> 00:16:58.500

Alex Petros: Ties a Google has. Oh, sorry, then Google has significant market power in online online search and online effort.

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00:16:59.010 --> 00:17:12.660

Ashkhen Kazaryan: Right. But then if you look at the numbers, right. So Facebook has 23% of the digital advertising market. I think Google has 29 they're competing with each other in that market. And actually, a lot of them are in that sense. But 23%

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00:17:13.320 --> 00:17:27.150

Ashkhen Kazaryan: Is not as dominant, although I understand what you mean, you talk about network effects and things like that. So obviously, Facebook is big, because it has, you know, different projects and different spin offs. You mentioned AI, and I believe

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00:17:28.320 --> 00:17:35.970

Ashkhen Kazaryan: Also VR and things like that. Obviously, they are having different sub sections of their business. So, and the same goes to Amazon, right.

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00:17:36.510 --> 00:17:46.830

Ashkhen Kazaryan: Amazon has prime Amazon has other video other projects. And that's kind of the main question that I think experts and lawyers and economists are struggling with

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Ashkhen Kazaryan: How do you define how do you pass legislation or how do you even tell let's say the new agency that Alex is proposing.

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00:17:53.940 --> 00:18:07.200

Ashkhen Kazaryan: What are the enforcement guidelines. So I was born, I grew up in Russia, and I went to undergrad in Russia. And one thing that I saw it affects markets, the most there was the fact that regulation was uncertain and used very

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00:18:07.740 --> 00:18:15.840

Ashkhen Kazaryan: Randomly, which really suppressed innovation and another thing that I think is important to mention is up until this day, a lot of

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00:18:16.260 --> 00:18:25.290

Ashkhen Kazaryan: Probably people who are tuning in, don't ever remember the day when us was not the dominant country when it comes to innovation, technology in tech companies.

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00:18:26.040 --> 00:18:32.220

Ashkhen Kazaryan: But that might not be true in less than five years. We already are seeing a lot of

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00:18:32.850 --> 00:18:42.270

Ashkhen Kazaryan: To participate example but also a lot of other innovation and technology coming out of China. I was at CES this January before you know the world and it kind of

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00:18:42.690 --> 00:18:46.890

Ashkhen Kazaryan: And if you go to the CES floor and we look at countries that are being represented

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00:18:47.580 --> 00:19:00.510

Ashkhen Kazaryan: A lot of the innovation from drones to VR to AI were Chinese companies. So this is also a question of who is going to be setting the standards around the world because I have personally seen

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00:19:00.960 --> 00:19:07.440

Ashkhen Kazaryan: Revolution without a drop of blood or a single bullet happened, for example in Armenia that were organized on Facebook.

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00:19:07.650 --> 00:19:18.150

Ashkhen Kazaryan: Revolutions happen and opposition organized on Twitter in Turkey and many other countries, and that was partially because these companies are leading by us principles or

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00:19:18.420 --> 00:19:26.310

Ashkhen Kazaryan: You know, values, whatever you want to call it. So my other concern is what happens to the world balance if we start kind of

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00:19:26.580 --> 00:19:38.520

Ashkhen Kazaryan: Breaking up these tech companies and taking away the influence they have worldwide. Why, while other countries that don't have capitalism and don't have, you know, democratic institutions to begin with. Moving on that market.

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00:19:40.650 --> 00:19:44.730

John Villasenor: Okay, this is a fascinating comments. Let me ask the next question here. So,

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00:19:45.030 --> 00:19:53.610

John Villasenor: Um, there are certainly examples that can be cited of anti competitive behavior by some of the big companies that that Alex, you mentioned, for example, and

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00:19:53.940 --> 00:20:05.040

John Villasenor: As you were talking about. Do you think these examples are exceptions, or do you think that that kind of behavior is in fact base of among these very powerful tech industry players. Yeah.

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00:20:05.070 --> 00:20:11.190

Alex Petros: Yeah, I'll take it to start. So I think it's important to note that, like, I don't think that these companies are

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00:20:11.610 --> 00:20:16.410

Alex Petros: Evil. You know, I don't think you know anybody kind of wakes up and it's like, Okay, I'm gonna destroy

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00:20:16.950 --> 00:20:28.710

Alex Petros: Marker see today, it's time to, you know, spread vaccine miss in for vacation. It's going to be great, you know, but at the end of the day, they have duties to their shareholders to maximize value.

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00:20:29.190 --> 00:20:40.230

Alex Petros: And I would argue that, you know, that would that overrides a lot of other things. And, you know, begin with the day they can make more money and a market that has not come.

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00:20:41.430 --> 00:20:53.490

Alex Petros: petted, and so I you know take issue like we can't just expect them to act in our best interest. We need to make it in their best interest to act in our best

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00:20:54.780 --> 00:20:55.260

John Villasenor: Interest.

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00:20:56.670 --> 00:21:03.270

Ashkhen Kazaryan: I would actually agree with Alex and I would just say that I think there are two things. Number one is that when it's

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00:21:04.620 --> 00:21:12.360

Ashkhen Kazaryan: Some violations or anti competitive behavior FTC and DOJ should absolutely go after whoever does that and I know they bring in

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00:21:13.080 --> 00:21:27.210

Ashkhen Kazaryan: A lot of questions a lot of cases, and we're going to discuss that later in a panel and the other one is that your comment about shareholders. I think a lot of us consumers underestimate their power. Sometimes, if you think about

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00:21:28.380 --> 00:21:36.600

Ashkhen Kazaryan: All the boycotts have happened against certain companies all the pressure users have put on those companies and also by the way.

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00:21:37.050 --> 00:21:45.900

Ashkhen Kazaryan: both political parties do we can very clearly see that they try and adjust and shift. I know a lot of people who don't have a Facebook anymore.

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00:21:46.590 --> 00:21:56.580

Ashkhen Kazaryan: So, and things like that happen. And I think we're going to continue seeing that, because when someone messes up quote unquote consequences. Always follow

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00:21:57.180 --> 00:22:09.690

Ashkhen Kazaryan: After Cambridge analytica, I think it was one of the biggest hits to tech industry overall and if anything, I think, Cambridge analytica was one of the initial pushes to start tech lash phenomenon that is

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00:22:11.070 --> 00:22:28.320

Ashkhen Kazaryan: This phenomenon and tech policy and regulation that basically does what I mentioned in the beginning piles in together questions and processes in from different policy areas from content moderation to privacy to antitrust to, I don't know.

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00:22:29.610 --> 00:22:31.920

Ashkhen Kazaryan: AI regulation and just

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00:22:32.760 --> 00:22:39.390

Ashkhen Kazaryan: Paint tech companies in a negative light which is very unhelpful because what we're trying to do is protect consumers. And what we're trying to do is

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00:22:39.600 --> 00:22:54.150

Ashkhen Kazaryan: Protect free speech online and civil liberties and all of those things. And I think both public knowledge and to create them have that in there, you know, values and guiding principles. So my plea my pledge and my ask is always just separate

137

00:22:54.780 --> 00:22:58.620

Ashkhen Kazaryan: The feelings from what's happening and from what can be done to make it better.

138

00:22:59.910 --> 00:23:06.210

John Villasenor: Okay. Well, let me ask sort of the, the, one of the, you know, questions that the simple question, but it's not so simple to answer.

139

00:23:06.900 --> 00:23:21.840

John Villasenor: Is using anti trust law to force a breakup of these dominant tech companies, you know, for example, Facebook, Amazon, Google. So on set a good idea or a bad idea. And why or why not. And I realized we could talk for

140

00:23:22.650 --> 00:23:23.820

John Villasenor: Hours on this, if you

141

00:23:24.420 --> 00:23:29.070

John Villasenor: If you had if you had to. And, you know, a minute or two, answer the question, What answer would you get

142

00:23:29.670 --> 00:23:44.310

Alex Petros: Sure. So I would argue that it's really not feasible, one that should be the focus of the debate. So to me, there are three major issues with a full breakup and that's feasibility timing any

143

00:23:45.420 --> 00:23:53.220

Alex Petros: backwardness so you know current, current anti trust by makes breakup or pretty difficult thing to do. You look at the

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00:23:54.090 --> 00:24:00.630

Alex Petros: Microsoft case, for example, which is kind of the best kind of tech tech anti anti Trust Case law that we have

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00:24:00.990 --> 00:24:07.830

Alex Petros: There's a lot of language. They're saying that breakup is a pretty extraordinary remedy and, you know, only you know only in certain

146

00:24:08.220 --> 00:24:22.170

Alex Petros: Cases will will will we go through. It's also just on a technical level it's can be hard to unseat unscramble the the egg here of exactly what do you break off many times, you know, it'll you know companies.

147

00:24:22.440 --> 00:24:35.280

Alex Petros: Will have, you know, shared a code, code base. Like it's it's not as simple as you would think. And then with timing. Like, it's about, you know, that it takes a really long time for a case to work its way through.

148

00:24:35.790 --> 00:24:45.450

Alex Petros: took several years in the case of Microsoft a TMT people started talking about it. It was decades. The for at AMP t is finally

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00:24:46.110 --> 00:24:54.810

Alex Petros: Broken up. And during all that time consumers are still going to end up being being harmed. And so, you know, something like a perhaps I don't know a regulatory

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00:24:55.590 --> 00:25:06.060

Alex Petros: Remedy, you know, could could come in much sooner then as far as the effectiveness, my colleague Harold felt as the thing he calls the starfish.

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00:25:07.830 --> 00:25:23.790

Alex Petros: Problem. We if you break off kind of one. You know, one piece, you know, it could potentially just just grow right back. So, you know, you talk about the breakup of, you know, a T AMP t over time. You know, we've now it's now built out where you have three choices now in

152

00:25:25.230 --> 00:25:29.160

Alex Petros: That have one so I so I think you also potentially run and do that.

153

00:25:31.800 --> 00:25:44.130

Ashkhen Kazaryan: So I have a very similar that I've already voice concern about how exactly are we going to break them up right now that said that too. So, okay, do you separate YouTube from Google. Do you

154

00:25:44.850 --> 00:25:55.140

Ashkhen Kazaryan: Separate Google into to search companies, what exactly happens with the digital advertising model. There's so many questions that we never get to because we're arguing about

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00:25:55.590 --> 00:26:15.240

Ashkhen Kazaryan: Should we break them up or not, but I think the proponents of breaking them up. Should I'm happy to discuss them. I just want to understand how better to do that. I then this is not Alex, but I was having a debate with someone few weeks ago and they were saying that if we

156

00:26:16.470 --> 00:26:21.390

Ashkhen Kazaryan: Break up Facebook it's going to save local journalism and I just want to know how

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00:26:21.960 --> 00:26:33.900

Ashkhen Kazaryan: Like a lot of the things I just want to know how those steps are going to be taken. Right. And so the logic is it local journalism used to have a lot of that advertising and now it's gone to the internet. It's gone to Facebook. It's gone to Google.

158

00:26:35.040 --> 00:26:45.660

Ashkhen Kazaryan: But I also don't understand how we can empower government to pick winners and losers and to decide how to manipulate market without it being

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00:26:46.440 --> 00:26:57.870

Ashkhen Kazaryan: Not a democracy slash capitalism anymore and that's another kind of principle question that we have to kind of accept that I come from a background of being

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00:26:58.470 --> 00:27:05.220

Ashkhen Kazaryan: Growing up in a country that had failed communism attempt. So I have very strong feelings about free market institution because of that.

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00:27:05.610 --> 00:27:16.980

Ashkhen Kazaryan: A lot of people don't. A lot of people believe that there should be stronger government protection with policies. So it's not even sometimes about anti choice. It's about what kind of economic policy, do you want to have as a country.

162

00:27:18.330 --> 00:27:18.780

John Villasenor: Okay.

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00:27:19.800 --> 00:27:25.230

John Villasenor: Alright so let me ask question about about enforcement actions so

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00:27:25.920 --> 00:27:36.450

John Villasenor: Just very recently, the Wall Street Journal reported that the FTC is considering filing an anti trust claim against Facebook. And this is, of course, in addition to reports that have been

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00:27:37.170 --> 00:27:48.570

John Villasenor: Around for a few months now that the Department of Justice is preparing to file an anti trust claim against Google. So if either or both of those claims get filed

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00:27:48.930 --> 00:27:59.520

John Villasenor: Do you have any thoughts on what specific aspects of those companies operations might be targeted and what is it about, for example, Google that the DOJ might specifically claim is in

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00:27:59.910 --> 00:28:09.120

John Villasenor: Violation of trust or what is it about Facebook. And I know that's somewhat of a speculative question because we don't haven't seen the complaint, but just to the extent that you kind of, you know,

168

00:28:09.510 --> 00:28:15.570

John Villasenor: You know, looking at which way the winds are blowing on these things. Any thoughts on what those actions if they actually occur might be targeting

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00:28:17.040 --> 00:28:26.070

Alex Petros: Yeah, sure. So, you know, kind of putting them one at a time. So if Google, I would think a case would focus on to kind of major bug.

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00:28:26.580 --> 00:28:42.810

Alex Petros: First back that would be online ads and google google and what's known as the ad tech stack. So, in the interest of time, I will not go into the, you know, various servers involve the odd the ad auction.

171

00:28:43.200 --> 00:28:51.870

Alex Petros: Exchanges. But basically, Google has at every single level of this of this ad tech stack 40 to 90% market.

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00:28:52.890 --> 00:29:01.770

Alex Petros: And they and they've gotten their through acquisitions pushing out rivals, all you know all sorts of kind of semi nasty stuff so

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00:29:02.190 --> 00:29:09.900

Alex Petros: I would assume that you know part of the case with look there and then with online search, you know, Google as kind of the online general search engine.

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00:29:10.140 --> 00:29:20.760

Alex Petros: How you know how they've worked with the Android operating system to really dominate mobile search I would I would I would suspect would be kind of like second pillar but case.

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00:29:21.090 --> 00:29:25.950

Alex Petros: Facebook. I think you're going to get into, like how they become the dominant social network.

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00:29:26.280 --> 00:29:38.970

Alex Petros: And, you know, whether that's through the potential anticompetitive acquisition looking at Instagram looking at WhatsApp, you know, whether whether they were issues there. You know how they've used inner

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00:29:39.450 --> 00:29:44.490

Alex Petros: Opera ability, I think, to take down rivals could be part of storing

178

00:29:44.970 --> 00:30:03.930

Alex Petros: In but I just to, just a quick plug the absolute kind of best resource for this question in my thing. You know, there are a series of roadmap papers from the Omidyar Network one on Google and adds one on Google and search one on Facebook that I that kind of lay out the the empty.

179

00:30:05.400 --> 00:30:18.240

Alex Petros: Trust Case here and you know use US law use data from the UK is competition markets. A already report so so if anybody's interested in learning more. I definitely recommend checking out the space.

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00:30:19.650 --> 00:30:28.320

Ashkhen Kazaryan: And in my opinion, the fact that these actions potential are being brought shows about the current antitrust laws that exist is working.

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00:30:28.770 --> 00:30:36.000

Ashkhen Kazaryan: Whatever they find whatever enforcement agencies find if they find violations and if they find the companies are taking any other action.

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00:30:36.660 --> 00:30:42.240

Ashkhen Kazaryan: It shows that you know we're not as in a bad place as we might think we are. And number two is, I think,

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00:30:43.080 --> 00:30:47.280

Ashkhen Kazaryan: It was just, it seems like yesterday, all the time is a weird concept busy days.

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00:30:47.970 --> 00:30:57.060

Ashkhen Kazaryan: That Facebook was slapped with a \$5 billion fine with a be billion. And that was the biggest fine in history.

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00:30:57.420 --> 00:31:08.100

Ashkhen Kazaryan: I believe. And so, you know, for me, just the fact that actions are being taken hearings are happening. I know house tradition.

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00:31:08.520 --> 00:31:18.630

Ashkhen Kazaryan: Yeah, how's the industry is just had a hearing, there's an important coming out like in September. So we're going to see it sooner or later, it's a bummer. We didn't get to see before the panel.

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00:31:19.230 --> 00:31:27.210

Ashkhen Kazaryan: But they were collecting evidence for over a year. So things are working. If you ask me, of course. Okay.

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00:31:27.600 --> 00:31:31.410

John Villasenor: All right, I got this question, it sort of a change of direction on the questions here.

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00:31:31.740 --> 00:31:38.940

John Villasenor: Talk about the state and local level. Do you think that American tech companies have too much influence at the state and local level. And one example.

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00:31:39.330 --> 00:31:48.270

John Villasenor: That it's here in California, but it's gotten, of course, national press is that Uber and Lyft have played a major role and challenging AB five which is

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00:31:49.020 --> 00:32:04.470

John Villasenor: The California law aimed at narrowing the definition of who can be an independent contractor. And of course, big tech companies routinely are able to use their power to obtain very really large tax breaks and other incentives for municipalities and so is that simply

192

00:32:05.520 --> 00:32:13.470

John Villasenor: The system alert working like it should be and companies engaging as they have every right to do, or is that something that you've, you either view is problematic in any way.

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00:32:15.480 --> 00:32:22.650

Alex Petros: Yeah, so you know why you know I'm I cannot speak to this suffix of a be five, just because I

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00:32:23.940 --> 00:32:32.970

Alex Petros: Know them really, I think, you know, it's important to focus in on like the immense power that these companies have and how it's kind of a unique thing in our

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00:32:34.380 --> 00:32:38.400

Alex Petros: Society, thus far, you know, whether it's Facebook in

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00:32:39.600 --> 00:32:57.390

Alex Petros: In you election, Miss misinformation and the amount of people who now get their news pretty much only from Facebook, you know, these platforms have the ability to kind of change the fabric of our society in ways never before seen I think any you know

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00:32:58.950 --> 00:33:06.480

Alex Petros: Remedy has to take that into account just judging other night I watched on Netflix, the social deal

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00:33:08.130 --> 00:33:27.600

Alex Petros: llama which you know i i thought was pretty fascinating. I doesn't doesn't look like it was a fan. But yeah, I would, I would urge people to which you should check that out. Maybe it's kind of looking into how these platforms affect us and our essence it apart.

199

00:33:28.590 --> 00:33:31.080

Ashkhen Kazaryan: It was fascinating to me to see a dominant

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00:33:31.590 --> 00:33:44.670

Ashkhen Kazaryan: Company like Netflix put out a documentary where we didn't actually talk to experts. You and I know, but there are specific group of people to present and actually admitted the movie makers admitted that basically for very effect of

201

00:33:45.510 --> 00:33:53.010

Ashkhen Kazaryan: The documentary being strong and interesting. They only took like radical positions on a lot of the issues, but seeing

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00:33:53.700 --> 00:34:12.060

Ashkhen Kazaryan: Basically blame every complex political issue on social networks to me was very triggering as for 8585 so you say Uber and Lyft lobby, but at five past against whatever let's say Uber, Lyft did and what 85

203

00:34:13.230 --> 00:34:22.530

Ashkhen Kazaryan: It might have the messaging of being supported by all that gig workers, but it's not. And the problem that I see with AB five is that they have to

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00:34:22.920 --> 00:34:30.330

Ashkhen Kazaryan: constantly be passing exceptions big carving out because they're trying to carve out profession after profession after profession 85

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00:34:30.810 --> 00:34:36.120

Ashkhen Kazaryan: was hurting freelance journalist, because there was a limited amount of articles, they can have with a certain publication.

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00:34:36.960 --> 00:34:47.100

Ashkhen Kazaryan: 85 is hurting. A lot of the people who work in the gig economy or independent contractors are people with disabilities who otherwise would not be hired

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00:34:47.670 --> 00:34:58.350

Ashkhen Kazaryan: The percentage of people with disabilities who are independent contractors is incredibly higher than anyone else in any other industry. And that's also important to remember. I think maybe five again was passed as a

208

00:34:59.700 --> 00:35:04.950

Ashkhen Kazaryan: Kind of. There you go, like to stick it to Uber and Lyft, but in effect what it's doing is

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00:35:06.030 --> 00:35:15.900

Ashkhen Kazaryan: Taking these instructors who came into the market and changed it and making them taxi companies. I don't know if you guys remember taxi companies. I remember them and they are terrible.

210

00:35:16.680 --> 00:35:25.410

Ashkhen Kazaryan: If you have your had a conflict with your driver you. I remember in New York City. I took a cab 10 years ago and the driver was

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00:35:25.920 --> 00:35:39.480

Ashkhen Kazaryan: Extremely. I'm not going to go into details but I feared for my life and I filed a complaint and I would have to go and face the driver and the municipality to address what happened like no one is going to do that, things like that.

212

00:35:40.230 --> 00:35:50.850

Ashkhen Kazaryan: They were monopolies and then right we talked about tech companies being lobbyists are lobbying for their interests, but so is everyone else, including their competitors. So if you look at people who are

213

00:35:51.270 --> 00:36:01.350

Ashkhen Kazaryan: lobbying for bills to regulate Airbnb heavy or even banner being different cities. It's hotels, who is anti Uber and Lyft it's taxi companies, same happens with

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00:36:01.770 --> 00:36:10.500

Ashkhen Kazaryan: Higher level tech companies. Right. Um, Facebook and Google and Amazon and apple. They all have competitors who are very actively supporting

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00:36:11.070 --> 00:36:20.700

Ashkhen Kazaryan: People who are opposing them. So it's more of a question about, are you okay with the system of a logging system and the way influence flows and United States or not.

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00:36:20.970 --> 00:36:24.510

Ashkhen Kazaryan: I don't have an answer, because I think the system is broken. In many parts.

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00:36:24.840 --> 00:36:39.240

Ashken Kazaryan: But it's not as if tech companies are only lobbyists that exists, their competitors also are right there. There are a lot of countries were lobbying is illegal. So that's more of a question like them, you know, generation. A question for everyone else. Okay.

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00:36:39.420 --> 00:36:45.690

John Villasenor: All right, let me ask one more question. Then I'm going to get to some questions from the audience because we have several posted the last question is

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00:36:46.290 --> 00:36:53.160

John Villasenor: Just taking international view that the United States is, of course, far from the only country where big tech companies have drawn attention from regulators.

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00:36:53.700 --> 00:37:00.720

John Villasenor: What are some of the, what are some of the most important trends that you've seen and how governments and other countries or regions. If you want to talk about Europe.

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00:37:01.020 --> 00:37:08.730

John Villasenor: Are viewing actions targeting us tech company anything notable that that strikes strikes and non us jurisdictions in this issue.

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00:37:09.840 --> 00:37:21.000

Alex Petros: Yeah so. So for me, kind of the big takeaway is that Europe is a head of us, you know, whether you, you look at the UK with the competition and markets, a

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00:37:21.990 --> 00:37:27.300

Alex Petros: Dorothy's digital ads report, which I which I urge urge everyone to check out really has

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00:37:28.260 --> 00:37:41.700

Alex Petros: Market data on Google and Facebook to an extent that we just do not have here that you know I'd assume would be in a DOJ or or or FDA FTC complain, but like be for you bring in in he trusts action you need

225

00:37:42.180 --> 00:37:43.710

Alex Petros: Market data and especially in a

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00:37:44.040 --> 00:37:50.940

Alex Petros: Bunch of these markets, we just do not have that for the US market, looking at the European can

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00:37:51.900 --> 00:37:57.570

Alex Petros: Mission. They have a public consultation, as it gets closer now for both a new company.

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00:37:58.050 --> 00:38:11.640

Alex Petros: Titian tool to look at digital platforms as well as a broader digital services act and granted their laws are a little bit different than ours but like they could very much be a potential model for a would be

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00:38:12.420 --> 00:38:19.230

Alex Petros: Regulator here and to close. I think we risk a world in which are you know US companies.

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00:38:19.260 --> 00:38:20.880

Alex Petros: Get regulated by your

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00:38:22.260 --> 00:38:28.830

Alex Petros: DNS and so I argue we should regulate our own companies, not just give up the field.

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00:38:30.480 --> 00:38:38.670

Ashkhen Kazaryan: So I challenge our listeners or viewers to name one tech company from Europe, maybe Spotify. I don't know that even counts.

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00:38:39.750 --> 00:38:49.080

Ashkhen Kazaryan: But if we're serious so European Union you contributes have always had way more heavy regulation when it comes to technology and

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00:38:49.650 --> 00:38:56.010

Ashkhen Kazaryan: If you look even at their own enforcement. A lot of the fines, they put on tech companies and get reversed by their own courts.

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00:38:56.640 --> 00:38:59.730

Ashkhen Kazaryan: They go all the way up and then they get reversed and then it starts over again.

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00:39:00.090 --> 00:39:09.120

Ashkhen Kazaryan: So that is kind of what I have taken from looking at how other companies are doing it. Whereas I haven't seen a single FTC action brought against

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00:39:09.540 --> 00:39:18.000

Ashkhen Kazaryan: I and I may be wrong because I haven't seen all of them, but I have not seen you know the \$5 billion fine was not reversed. A lot of our decisions were not

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00:39:18.660 --> 00:39:29.310

Ashkhen Kazaryan: So for me, I think the EU system might not be working as well as they think because they pass certain regulation, but then they can enforce it by their own standards.

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00:39:30.240 --> 00:39:36.600

Ashkhen Kazaryan: And you would be the most. And that's why Alex probably mentioned, it would be the most comparable right it's a

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00:39:37.230 --> 00:39:48.870

Ashkhen Kazaryan: Economy that's comparable to us its democratic countries and democratic institutions. So it's very easy to compare it to it, but they have very different approach when it comes to regulating innovation and technology.

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00:39:49.890 --> 00:39:56.670

John Villasenor: Okay, well. Great. Well, thank you very much. So let's turn out to some questions from some of the participants. So the first one I'll start with is

242

00:39:57.240 --> 00:40:01.680

John Villasenor: One of the participants as notes that a lot of the success of these companies.

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00:40:02.130 --> 00:40:09.360

John Villasenor: Has been has has flowed from the fact that they'd be able to build these, you know, big ecosystems and you know should some of the regulation.

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00:40:09.720 --> 00:40:15.210

John Villasenor: That's been contemplated or the actions that are being contemplated target. Some of these companies.

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00:40:15.600 --> 00:40:25.050

John Villasenor: You know, how might that is it, is it a concern that it might negatively impact some of these companies in the ecosystem. And for example, many of these small and medium sized companies.

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00:40:25.290 --> 00:40:31.590

John Villasenor: That could end up being in some sense collateral damage. Is that, is that a concern that is getting enough attention or is it even a concern. I guess the question.

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00:40:33.180 --> 00:40:45.300

Alex Petros: Yeah, so I mean I would say, you know, it's a potential concern. But you know, I would argue that our current system as built, you know, very much favors and incumbent

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00:40:46.170 --> 00:40:59.040

Alex Petros: Platform over kind of your upstarts startup rival so like I would say, you know, first let's get a regulatory regime in place to to to take on these incumbent platforms.

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00:40:59.280 --> 00:41:10.200

Alex Petros: And then in you know in then, then we can talk about you know how you know how it could potentially affect the small upstart rifle, but it, but it is a potential concern.

250

00:41:11.130 --> 00:41:21.810

Ashkhen Kazaryan: I think this is where me and Alex are going to differ a lot because I think that regulation actually favors incumbents. They have a ton of money and they have a ton of lawyers. So the barrier to entry into the market.

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00:41:22.050 --> 00:41:28.440

Ashkhen Kazaryan: Then exists or even if you adjust it to say, only if you have more than X amount of, let's say,

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00:41:28.770 --> 00:41:44.730

Ashkhen Kazaryan: Capital or X amount of users, then the regulations kicking well then you set the floor for companies not to grow higher than a certain you know size. So if I look at regulations, they actually favoring comes in. That's why not in tech industry. But if you look at other industries.

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00:41:46.020 --> 00:41:52.470

Ashkhen Kazaryan: They are okay with regulation, like how many banks do we have like or how many other insurance companies. There are so many

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00:41:53.820 --> 00:41:58.500

Ashkhen Kazaryan: Other industries that have actually settled into very few companies that don't innovate.

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00:41:58.950 --> 00:42:04.320

Ashkhen Kazaryan: And United States has been the world leader in innovation partially because we didn't have in the mid 90s.

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00:42:04.710 --> 00:42:18.720

Ashkhen Kazaryan: The heavy regulations that other countries had. But yeah, so I'm not a fan of regulations that would favor of incumbents. I would like for the next big thing to come into the market and disrupted and make our lives better. You know, I don't know, help us.

257

00:42:19.290 --> 00:42:31.410

Ashkhen Kazaryan: See how much oxygen Weber in our lungs and help us praise the virus. So we can go back to something normal. There's so many problems that should be solved by innovation and I'm worried, but regulation will stop that from happening.

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00:42:32.400 --> 00:42:38.700

John Villasenor: Okay. Well, thank you very much. So go to another question here. So one of the attendees asks your Tick tock was mentioned earlier, and

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00:42:39.240 --> 00:42:50.580

John Villasenor: It was it was mentioned, sort of in the same sentence as you know platforms like Facebook but this attendees as well, or is it really fair to consider them as being in the same category of services. I mean, obviously there's a

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00:42:50.940 --> 00:42:53.670

John Villasenor: You know there's a difference, obviously in the

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00:42:53.970 --> 00:43:05.250

John Villasenor: Average age group of the average user. But also, aren't they, different enough that it's really sort of an apples to oranges comparison. If you kind of talk about the two of them in the same breath or is it still relevant to to to make a comparison, in some sense,

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00:43:06.960 --> 00:43:16.800

Alex Petros: Yeah, so, you know, I think this kind of gets the issue of kind of how to define the exact market and, you know, many, many times in in a in an empty Trust Case that's

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00:43:17.040 --> 00:43:27.660

Alex Petros: That's the entire bag of worms. We like that's the, you know, it's all about, you know, my like favorite is, you know, there are certain certain people who love to talk about, well, the real market is the

264

00:43:28.890 --> 00:43:40.710

Alex Petros: Tension market. So really, everybody is competing with everyone. And really, you know, the bird that's outside my window now it's like this big, big competitor to Facebook because you know it's it's it's kind of drawing my

265

00:43:41.130 --> 00:43:51.780

Alex Petros: Attention, in a way. And so I you know I would argue, so when you look at like check talk in Facebook like I, you know, while I wouldn't argue. I think that they're

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00:43:52.080 --> 00:43:57.540

Alex Petros: Substitutes really because, you know, both because I think many, many people would be on both

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00:43:57.870 --> 00:44:13.110

Alex Petros: And I think there's a real social aspect to Facebook, where you know you like, have your Facebook friends and you know you can get a message on Facebook is kind of this ecosystem. That's really hard for a competitor to anyway.

268

00:44:15.630 --> 00:44:29.100

Ashkhen Kazaryan: Um, and that's when it comes down to. Right. They are these ecosystems that are constantly being created and that exist. There are so many different parts of internet we don't even know about. There are sub genres. Their subgroups their interest groups.

269

00:44:29.760 --> 00:44:36.390

Ashkhen Kazaryan: That just exists. And it's fascinating that it's all a click away. So when it comes to defining markets.

270

00:44:36.810 --> 00:44:47.220

Ashkhen Kazaryan: The question is back to, are we doing it the old way. Because if we're doing it the way that it's been done so far. If you just look at DJ guidelines and just case law leading up to it. You wouldn't

271

00:44:48.330 --> 00:45:03.540

Ashkhen Kazaryan: Buy it define any of his companies as monopolist. And the next question is, do you want to change that or not. And then how do you do that. My every time I talk about this. I just kind of want to understand. So, okay. Facebook has

272

00:45:04.650 --> 00:45:15.930

Ashkhen Kazaryan: What's happened Instagram. If you separate them doesn't really change the power they have, because okay yeah Instagram and Facebook have somewhat similar structure, but then WhatsApp is a completely different.

273

00:45:16.860 --> 00:45:29.580

Ashkhen Kazaryan: kind of creature and the way it operates doesn't collect data, it's encrypted. It's a very safe. It's end to end encrypted. It's a very safe way for people to communicate. And so, as of right now, I wouldn't understand how

274

00:45:30.060 --> 00:45:37.500

Ashkhen Kazaryan: Any company having, you know, their hand and a couple of different sub markets would make them an antitrust case.

275

00:45:38.670 --> 00:45:49.980

John Villasenor: Okay. Um, here's another. Another question is, other than anti trust laws, what are some of the other ways that the tools that can be used potentially regulate the marketplace domination.

276

00:45:50.400 --> 00:45:57.120

John Villasenor: Of, you know, a company like Amazon, of course, to that question supposes that that that is something that should be done, but, but, you know,

277

00:45:57.810 --> 00:46:08.130

John Villasenor: Putting aside the question of whether that should be done if it shouldn't be done on what are some of the tools in the toolbox that are available, other than, you know, anti trust frameworks.

278

00:46:08.790 --> 00:46:17.490

Ashkhen Kazaryan: Here's I can actually start naming things that Alex and I agree on. I'm pretty sure we both agree that we need a different privacy framework than the one we're operating in right now.

279

00:46:17.700 --> 00:46:31.260

Ashkhen Kazaryan: It's very long overdue. I would rather Congress right now focus on that instead of, you know, dragging up Tim Cook and bake dose virtually into Congress and like making a six hour event out of it. That was exhausting for me and I was just watching

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00:46:34.170 --> 00:46:44.460

Ashkhen Kazaryan: Right data privacy laws we need better understanding of data portability. I think that's going to actually solve a lot of network effects that people have problems with and

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00:46:45.030 --> 00:46:50.070

Ashkhen Kazaryan: And if I'm being honest, if you listen to the companies. They're not lobbying against that they're not a poor

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00:46:50.490 --> 00:47:03.960

Ashkhen Kazaryan: They would actually like to take some pressure off of themselves, they would be happy to like make data more portable, they would be happy like their privacy on the federal level is definitely better than and I'm sorry, California and CCP and whatever your else they're trying to pass.

283

00:47:05.010 --> 00:47:12.750

Ashkhen Kazaryan: Not a big fan and for what it's worth. It's not just, you know, more free market leading groups that are not big fans of what was passed, but also some groups.

284

00:47:13.260 --> 00:47:14.130

Ashkhen Kazaryan: left of center.

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00:47:14.550 --> 00:47:21.870

Ashkhen Kazaryan: Not going to name names, but you can just look it up. There's a lot of criticism of the laws that are being passed on state level that are trying to either Balkanized the Internet.

286

00:47:22.020 --> 00:47:30.510

Ashkhen Kazaryan: Or just basically submit every company that exists in the country to whatever California wants to do. And then what's going to happen next. Texas is going to pass their privacy act and

287

00:47:30.840 --> 00:47:39.480

Ashkhen Kazaryan: It's just going to be, it's going to not even be a patchwork it's going to be like a turducken of privacy laws and things like that. And then when it comes to

288

00:47:40.080 --> 00:47:55.290

Ashkhen Kazaryan: You mentioned Amazon. I can answer what remedy should be when people show me harm as of right now, at least for me in the middle of the pandemic. Every time I needed something went to Amazon and it was here within two days.

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00:47:57.300 --> 00:47:57.780

John Villasenor: Yes.

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00:47:58.920 --> 00:48:10.620

Alex Petros: Yes, so I would agree on that privacy stuff, but it's some other kind of regulatory REMEDIES, YOU KNOW, I pitched inner opera ability is one like i think you know if

291

00:48:10.980 --> 00:48:20.850

Alex Petros: If an upstart, you know, social network rival has the ability to plug into Facebook where I can still reach my Facebook friends while on this new upstart social network.

292

00:48:21.210 --> 00:48:27.750

Alex Petros: I didn't become much, much less concerned about Facebook. And I think Facebook would face much more competitive pressure

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00:48:28.410 --> 00:48:46.320

Alex Petros: With Amazon in, in particular, I think it's strong non discrimination rule, you know, whether it be you know there are some people will say, Well, Amazon, shouldn't you know, must, must choose and can it can either be, you know, selling things on its marketplace or, you know, be be the

294

00:48:47.580 --> 00:48:59.760

Alex Petros: Marketplace on which things happen, you know, and I'd already again that's a, that's a pretty high bar to like get them to like spin off it's, you know, whole side of their business. Whereas if you if you just make it so they can't just

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00:49:00.810 --> 00:49:09.300

Alex Petros: Remedy, and they can't favor. Their, their own brands over others I you know that like gets at most of the issue. I would say my

296

00:49:09.990 --> 00:49:15.450

Alex Petros: Colleague held felled has this as this idea taken from the telecom regime.

297

00:49:15.990 --> 00:49:33.060

Alex Petros: Called si P and I that would basically get it at the problem of Amazon using third party seller data to launch its own products. And so, there again, it's he's not criminalizing the use of this data, but you're really going your

298

00:49:34.110 --> 00:49:42.780

Alex Petros: I'm sorry, you're not realizing the collection of this data, but you are, you know, there are particular uses that you you know cannot use it so you can

299

00:49:42.990 --> 00:49:55.650

Alex Petros: Use it to fulfill in order, but you can't use it to be like, oh, looks like there is a market for shoes in Des Moines and we are you know launching Amazon basic shoes in in the Des Moines.

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00:49:56.730 --> 00:50:05.880

Alex Petros: Market. So there are all sorts of kind of regulatory remedies that can get get at issues while being much less of a left. I think

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00:50:07.110 --> 00:50:09.420

Ashkhen Kazaryan: And everything I wanted to mention before I forget.

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00:50:09.900 --> 00:50:20.940

Ashkhen Kazaryan: Alex, in the beginning, you mentioned an idea of a new regulatory agency that with deal with basically anything internet related and both privacy an antitrust and many other content moderation and

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00:50:21.420 --> 00:50:30.720

Ashkhen Kazaryan: My first thought is both your position in my mind. We're filing in the FCC docket on and th petition on section 230

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00:50:31.410 --> 00:50:44.400

Ashkhen Kazaryan: And if you look at the way agencies or at least operating right now. Um, we had an FCC, Commissioner, have his a republican FCC Commissioner has his nominate renomination pooled because he said he supports the First Amendment.

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00:50:44.970 --> 00:50:51.180

Ashkhen Kazaryan: So let's say we create an agency will have a power over the internet that obviously will acknowledge the internet as an exceptional

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00:50:51.690 --> 00:50:58.560

Ashkhen Kazaryan: Important part of our lives in our democracy. And let's say we have another Republican administration and let's say you have a democratic administration.

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00:50:58.800 --> 00:51:05.430

Ashkhen Kazaryan: Everyone wants to play Rex and everyone already is all of those congressional hearings and Adi boy.

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00:51:05.880 --> 00:51:22.800

Ashkhen Kazaryan: All of those are that so concentrating the power of regulating the internet within one agency and and giving the White House, whoever is in the White House, the power to appoint and take off, whoever is running that agency, even if it's an independent agency like FCC is scares me.

309

00:51:24.180 --> 00:51:37.470

John Villasenor: Right, okay. I was one more question that I'm going to ask each of the panelists, just to speak familiarity with any closing remarks, one of the quite the attendees asks if stores like Costco are able to sell their own brands.

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00:51:38.610 --> 00:51:44.430

John Villasenor: At their stores at a lower price shouldn't Amazon, be able to do this as well. Why is it any different. I guess is the question.

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00:51:46.860 --> 00:51:57.060

Alex Petros: Yeah, so it's it's different in that like Costco, you know, doesn't have quite control doesn't quite have the level of control over your

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00:51:57.840 --> 00:52:07.590

Alex Petros: shopping experience that Amazon does in that, you know, they don't like you would be like if you know. So Amazon has the actual

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00:52:07.890 --> 00:52:19.740

Alex Petros: Marketplace. It's like they they control what's in the buy box. So like, you know, when you when you click by, you know, Amazon controls, you know, which, you know, which product actually gets out there.

314

00:52:19.980 --> 00:52:25.230

Alex Petros: You know, everything from what you know comes up, you know, many, many people aren't doing painstaking

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00:52:25.470 --> 00:52:40.410

Alex Petros: Searches here. They might just go with Amazon's choice. They might just go, you know, so they use all these shortcuts here, so. So Amazon does have a little bit more power here than your normal read Taylor would with with their name brand.

316

00:52:40.860 --> 00:52:46.590

Ashkhen Kazaryan: Have you ever wondered why bread is always the furthest from entry into a grocery store.

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00:52:46.770 --> 00:52:58.890

Ashkhen Kazaryan: Actually they always they make you go through every other section on your way there. And while Alex is right that yet, right, of course, every platform makes the user experience, the way they want to

318

00:52:59.280 --> 00:53:13.350

Ashkhen Kazaryan: At the same time, grocery stores in this case to to they can put their product they get Kirkland can be on your eye level and then whatever is competing cereal will be so high that my five five, you know,

319

00:53:14.190 --> 00:53:24.270

Ashkhen Kazaryan: I'm not going to reach it. And I'm not going to get, you know, a ladder for whatever cereal. If it's just off a different brand and the same applies to I think the digital market space and

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00:53:24.870 --> 00:53:30.930

Ashkhen Kazaryan: Most of the consumers, especially as we are now in the digital era, more and more right maybe 10 years ago was different.

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00:53:31.260 --> 00:53:41.370

Ashkhen Kazaryan: But now I don't know about you, but people least I am a lot of people I know they they search, we do their research. We read reviews, not only on Amazon, but in other places you

322

00:53:41.730 --> 00:53:54.540

Ashkhen Kazaryan: Make this very weird Dan so many steps before you decide to purchase something online. Whereas, honestly, I've even before the pandemic like grocery stores or any stores gave me anxiety. To begin with,

323

00:53:54.840 --> 00:54:09.480

Ashkhen Kazaryan: I want to be in and out within five minutes. So whatever is in front of me. Think about the checkout line. How many times have you bought gum or candy or maybe that's just me from the checkout line because I have every time I went to any grocery store. OK.

324

00:54:09.720 --> 00:54:18.210

John Villasenor: I will let me do we just got about four minutes left, so I'll start with Alex and then and then ash any just one or two minutes of any closing thoughts if if you have any in

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00:54:19.230 --> 00:54:21.000

John Villasenor: Any kind of wrap up thoughts.

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00:54:22.050 --> 00:54:30.450

Alex Petros: Yeah, well, you know, it's been wonderful speaking with with ash and I definitely think that there are issues we agree on here.

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00:54:31.620 --> 00:54:41.520

Alex Petros: You know I would. I you know I think that kind of big, big takeaway i would i would hope of, you know, viewer walks away with is that empty trust is naughty.

328

00:54:41.910 --> 00:54:51.000

Alex Petros: Nuff and that if we are expecting like if you are expecting the, you know, coming you know anti trust cases to fix all of texts.

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00:54:51.330 --> 00:55:01.470

Alex Petros: Problems and, you know, all of a sudden, you know, in a week, when these cases are filed, you know, everything's over. We can all we can all go home. There's like no

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00:55:01.740 --> 00:55:14.370

Alex Petros: No, no need for people like me anymore. You know, you are you are you are not living in re holiday. And so, you know, going forward. I think it's important to focus on remedies that are

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00:55:15.090 --> 00:55:22.230

Alex Petros: Usable and that you know can work that can potentially get bipartisan support that could potentially get buy in from these

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00:55:23.460 --> 00:55:30.210

Alex Petros: Companies them selves and. And again, I would argue, the best way for it. It's a new digital regulatory

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00:55:31.320 --> 00:55:31.800

Alex Petros: It's

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00:55:32.460 --> 00:55:33.600

John Villasenor: Free okay and ash.

335

00:55:34.680 --> 00:55:40.740

Ashkhen Kazaryan: I will say that Rome wasn't built in a day. So we've whatever we're doing

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00:55:41.640 --> 00:55:49.590

Ashkhen Kazaryan: Unfortunately, I know people want results. People want something to be done. They're upset about quote unquote conservatives are talking about the anti

337

00:55:50.010 --> 00:56:00.300

Ashkhen Kazaryan: Bias. People are excited about data privacy and they think it's creepy when they talked about something and an ad shows up. I don't know about you guys, but I love targeted ads because

338

00:56:01.140 --> 00:56:11.070

Ashkhen Kazaryan: I again don't like shopping even online. So it shows me things that are already based on things I like but that's just me, but there should be better. There should be better privacy law we both agree we can work on that.

339

00:56:11.940 --> 00:56:27.240

Ashkhen Kazaryan: But when it comes down to it is remembering about what's at stake. So let's, let's not say that we're not changing status quo, but let's also keep in mind that us right now is dominant in the world in tech

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00:56:27.990 --> 00:56:33.030

Ashkhen Kazaryan: And innovation and that's not a bad thing. That's one dominance. I think everyone would like and

341

00:56:33.540 --> 00:56:45.600

Ashkhen Kazaryan: It's not just about economy. It's also often about our democracy and it's about democracy around the world and free speech online and things like that. Number three would be that again.

342

00:56:46.170 --> 00:56:50.520

Ashkhen Kazaryan: Happy to have this conversation, maybe not a month before the election. I don't know why.

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00:56:50.880 --> 00:57:00.540

Ashkhen Kazaryan: You know, we're like intensely trying to get this done. And there's that record being released right now. I think this is an important issue and we should pay attention to it when the world is not burning

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00:57:01.140 --> 00:57:05.910

Ashkhen Kazaryan: Literally, I hope everyone in California is OK. And the last thing would be

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00:57:06.630 --> 00:57:09.780

Ashkhen Kazaryan: For everyone to just kind of take a step back and

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00:57:10.140 --> 00:57:21.390

Ashkhen Kazaryan: Learn about consumer welfare standard if you're not obviously in the space and also learn about the definitions of markets because when we finally get to this and go to the table and start discussing what should be done.

347

00:57:22.290 --> 00:57:27.900

Ashkhen Kazaryan: That's what's going to come down to, are we changing that. And what are the unintended consequences that are going to happen to

348

00:57:28.440 --> 00:57:41.070

Ashkhen Kazaryan: My event harm consumers for me consumer harm is the guiding star in everything we discussed when it comes to antitrust and yes let's focus on content moderation and put tax free speech online. Let's focus on data privacy.

349

00:57:41.340 --> 00:57:45.330

Ashkhen Kazaryan: And have a federal privacy law and many other things. So

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00:57:46.230 --> 00:58:01.140

Ashkhen Kazaryan: This tech policy rolled is weirdly bipartisan and a lot of ways, and you would find a strange bedfellows in DC. So that's both the good and the bad part of it. So, I hope, whatever happens, we come to a bipartisan agreement and take it slow.

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00:58:01.830 --> 00:58:10.350

John Villasenor: Or thank thank you both very much Alex and ash for talking about these really important timely issues and and thanks as well to the attendees.

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00:58:11.160 --> 00:58:19.260

John Villasenor: All of all the all the attendees, as well as the attendees are including the attendees who asked that question. So thanks to all thanks to all and stay safe and

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00:58:19.710 --> 00:58:31.080

John Villasenor: A month from now in on the 16th of October. We have our next panel on content moderation. So hope, as many of you as possible can attend that as well. So thanks. Thanks very much.

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00:58:31.530 --> 00:58:32.100

Ashkhen Kazaryan: Thank you.

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00:58:32.970 --> 00:58:33.540

Thanks.