



OPEN MARKETS OUTLOOK

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“If we will not endure a king as a political power,” thundered Ohio Senator John Sherman, sponsor of the nation’s first antitrust law in 1890, “we should not endure a king over the production, transportation and sale” of what the nation produces.



WILL A NEW AMERICAN CONGRESS TACKLE THE NEW GILDED AGE OF ROBBER BARON CAPITALISM?

- As a new Congress is inaugurated, there is hope that action on tech monopolies may finally take shape
- There is now only one long-run printer left in the USA to print the large magazines. Why?
- The New Economics Foundation publishes a new report on tackling the abuse of personal data in a way that forces the tech giants to change their business models
- Why did the Federal Trade Commission stop collecting data on market power?
- Former US Labor Secretary Robert Reich claims that we have entered ‘a new gilded age of robber baron capitalism’.

New Congress – could that mean new anti-trust?

WHAT SHOULD CONGRESS DO TO TAKE ON THE MONOPOLIES?

Rumours swirl around Washington that Congress is poised to act on the tech monopolies, perhaps the most egregious example of extreme market power – yet, although Facebook seems to be unravelling of its own accord, nothing is certain. It is very far from certain, in fact.

That is why the monopolies campaigner Barry Lynn, director of the Open Markets Institute, has sent a [letter](#) to House Judiciary Committee Chairman Jerrold Nadler with recommendations on how to approach the problem of monopoly this session, with the two houses newly elected.

They remind him that, according to their own survey, 65 percent of American voters believe the government “should do more to break up corporate monopolies”.

65% of American voters think government should do more to break up monopolies

Open Markets proposes four basic principles for the committee:

- Shine a light on the problem through investigations.
- Engage in oversight by probing the relationship between concentrated industrial power and political corruption.
- Educate the public by using high-profile hearings.
- Hold joint hearings with other congressional committees.

Lynn also urged the committee to prioritise the pharmaceutical and agricultural sectors, hospital pricing, dominant tech platforms and their impact on the free press and advertising, institutions that are meant to enforce antitrust such as the Federal Trade Commission, and the impact of monopoly power on the rights of working people.

If only somebody would do the same job in the UK...

MAGAZINE PRINT AND DISTRIBUTION THREATENED IN USA

The increasing control by tech titans Google and Facebook over [online advertising spending](#) in the USA is making it harder for magazine publishers. They are also cross that the US Department of Justice seems set to block printer Quad/Graphics’ [\\$1.4 billion bid](#) to buy its only major competitor in the business of printing physical magazines, LSC Communications.

Only one long-run printer left in the USA to print the really big magazines...

As always, the argument for the merger is monopoly higher up the line. Quad and LSC [have argued](#) that the deal is necessary in the face of contracting demand for printed magazines. But even with the spread of digital publications, many readers, publishers, and advertisers still want to see physical copies. Indeed, some magazines – including *Rolling Stone* –

have [recommitted](#) over the last year to printing their product. Yet if the deal is approved, even major publications *National Geographic*, and *Reader's Digest* will become dependent on Quad/Graphics to print and distribute their product.

Both Quad and LSC have spent the last two years swallowing competitors since LSC was spun off in 2016. Their merger will mean there is effectively only one printer in the USA capable of handling long-run jobs, down from six ten years ago.

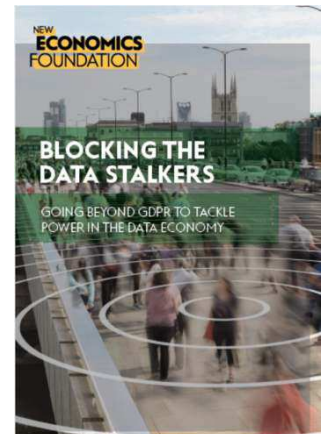
One insider [quoted by Open Markets](#) said that “antitrust enforcers don’t understand the difference between the printing of magazines, catalogues, directories, business forms, labels, or legal documents. They put them all “into the same pot,” he says, then conclude that any one deal amounts only to “a small part of a big pot.”

TIME TO SHIFT THE DATA CORPS’ BUSINESS MODEL

“We recommend a ban on sending personally identifiable data out to advertising networks”

The green think tank New Economics Foundation, based in London, has been considering how to rein in the excesses of the tech giants, and propose building on the new privacy regulations GDPR.

“We recommend a ban on sending personally identifiable data out to advertising networks,” wrote their report author Duncan McCann. “Instead of relying on the sale and re-sale of personal data, when users click on weblinks, bid requests should give advertisers demographic information about the audience of the website. This would allow them to show demographically appropriate advertising, without compromising the privacy of users. Where websites do sell ad space that uses personal data, they should be required to gain explicit consent from individuals in order to do so.”



McCann’s report [Blocking the Data Stalkers](#) argues that this will **tackle data leaks**, by preventing any personal data from being sent during bid requests. It would **reduce the commodification of personal data**, by reducing the market for personal data and diminishing the ability of companies to monetise it.

It would also **force tech giants to diversify their business model** away from services based on constant surveillance and advertising. And it would **give**

power back to websites which spend time producing content and have a dedicated user base.

“Providers should make it clear exactly what data is being collected and who it may be shared with or sold to”

Four recommendations of New Economics Foundation report:

- Devices, software, and online interactions should be subject to privacy by default and design – and automatically set to not collect, share or sell on our personal data.
- Providers should make it clear exactly what data is being collected and who it may be shared with or sold to.
- Protecting people should be prioritised over business models by restricting the use of loopholes, like the GDPR ‘legitimate interest’ justification.
- Restricting the sale of third-party access to our data to cases where we have given our explicit consent to grant that specific third-party access.

Why did the Federal Trade Commission stop collecting data on market power?

BUT WHERE IS THE DATA ABOUT MARKET POWER?

Given the plethora of data available about us as individuals, it is ironic that so little information is available about the growth of monopoly power and market dominance in the USA. The Washington-based Open Markets Institute suggests this was deliberate and linked to a change in ideology in the late 1970s. “To shield this pro-corporate turn from the public, the Federal Trade Commission halted the collection and publication of industry concentration data in 1981,” they say.

But, determined to tackle the gap in public knowledge, Open Markets bought up-to-date industry intelligence from IBISWorld, a team of analysts who collect economic and market data, with the intention of releasing the information regarding industry concentration to the public. “Our hope is that these startling numbers will accelerate action to re-establish the choice, competition, and liberty upon which our democracy depends,” they argue.

The information is not set out as a report, but as a clickable search function across most sectors of the economy. For example, in smart phone operating systems, where only two companies (Google and Apple) have 99 per cent market share.

“We have entered a new gilded age of robber baron capitalism”... “It is time to use antitrust again”

Robert Reich

DIGITAL POWER IS NOT SO DIFFERENT

The *New York Times* revealed that [Facebook](#) executives withheld evidence of Russian activity on their platform far longer than previously disclosed – and also employed a political opposition research firm to discredit critics.

Former US Labor Secretary Robert Reich [argues](#) in the UK newspaper *The Guardian* that this is because we have entered a new ‘**gilded age of robber baron capitalism**’. Reich is one of the few conventional economic commentators to have emphasised market power as a key factor in our economic difficulties. In this article he looked back to 1911 when President Taft broke up Rockefeller’s Standard Oil.

“It is time to use antitrust again,” writes Reich. “We should break up the hi-tech behemoths, or at least require they make their proprietary technology and data publicly available and share their platforms with smaller competitors. There would be little cost to the economy, since these giant firms rely on innovation rather than economies of scale – and, as noted, they’d like to be impeding innovation overall.”

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