Are You Ready for the Inevitable' Clampdown on Corrupt Tech and the Media?

When Apple's CEO Tim Cook says "the free market is not working," bad things are coming.

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Georgetown Book ShopGeorgetown Book ShopOne of the most remarkable statements ever made by the CEO of a major corporation generated relatively little notice or pushback. But just a couple of weeks ago, there was Tim Cook, the head of Apple, spitting in the eye of the very economy that made his company the highest valued corporation on the planet.

"I am not a big fan of regulation," Cook told *Axios* in an interview. "I'm a big believer in the free market. But we have to admit when the free market is not working. And it hasn't worked here. I think it's inevitable that there will be some level of regulation... I think the Congress and the administration at some point will pass something."

Holy hell! Regulation of the tech industry and the larger economy (both of which are already pretty heavily regulated, if we're being honest) is *inevitable*? The free market isn't working?

Well, maybe not quite as well as it used to for Apple, which been a little droopy over the past several years in terms of killer new devices and mega-hits. Right around the time Cook was prophesying, Microsoft and Amazon both could lay at least temporary claims to be more valuable. Maybe in that sense the free market isn't working so great anymore...for Apple. *But come on already.* Factor in the housing bust from a decade ago, the Great Recession, mall closings, the opioid epidemic, and whatever else you want to, and any semi-serious analysis is going to conclude that over the last few decades, "The living standards of Americans have vastly improved during the past 50 years, with the quality of available consumer products steadily rising even as their prices have steeply fallen."

And it's not just Americans, of course. Just a week before it ran its dour interview with Tim Cook, *Axios* reportedly cheerily that "half the world is now middle class." The world is becoming more equal, not less. So two cheers for capitalism (for more on how income mobility and broad-based economic gains are the rule and not the exception in America too, go here for starters).

But the facts on the ground—however disputed they might be—are irrelevant when titans of industry, such as Cook, declare that "the free market is not working" and that regulation is "inevitable." His opinion carries more weight than yours or mine. And he's not alone. Earlier this year, Facebook's Mark Zuckerberg embraced increased government control in anticipation of sitting down before Congress. "The question is more what is the *right* regulation rather than 'yes or no should we be regulated?'" he told *Wired*.

When actually talking to Congress, Zuck even volunteered to help write the regulations, while noting that the more Facebook and social media are regulated, the less likely it is that a rival will emerge. But hey, that's an outcome he and Congress were willing to live with. Conservative Republicans want Facebook to do more to spread content they like (Ted Cruz does love him some Diamond and Silk!) and Democrats want to make sure that the next time Hillary Clinton runs for president she loses simply because she ran the worst campaign of all time, not because of whatever Facebook did to screw her over. In more recent hearings (which came on the heels of yet more revelations of Facebook's weak record of protecting user data and whatnot) Zuckerberg's colleague Sheryl Sandberg and Twitter's Jack Dorsey reiterated their willingness to jump on various bipartisan regulatory bandwagons.

The same consensus is visible in elite opinion, too. The Columbia Law professor Tim Wu, who popularized the concept that eventually became a short-lived law known as "Net Neutrality," has a new book out called *The Curse of Bigness: Antitrust in the New Gilded Age*. In it, he calls for the breakup of what are known as the FAANG companies, tech giants such as Facebook, Apple, Amazon, Netflix, and Google, who he says wield too much market power. Like Cook, he sees regulation as inevitable but actually worries the government won't do enough to really bust up the companies. In an interview with *Publishers Weekly*, he said:

> [I] think that companies like Google and Facebook have come to hold too much power. There's a growing sense that they have too much control over information, news, advertising, even who we are and what's going on. I'm actually most concerned that we'll cut some kind of deal that

> effectively nationalizes or weakly regulates Facebook. and that that deal will endure for a long time. That's the trajectory we're on, and I would resist that.

Some of Wu's support comes from a surprising place, and it suggests just how widespread the belief is that we need to heavily regulate tech and social media. Glenn Reynolds, the University of Tennessee law school professor better known as the proprietor of the libertarian-leaning aggregator website Instapundit, endorses Wu's analysis, writing, "These new tech monsters have a one-two punch that Standard Oil lacked: Not only do they control immense wealth and important industries, but their fields of operation—which give them enormous control over communications, including communications about politics—also give them direct political power that in many ways exceeds that of previous monopolies." Reynolds muses,

> Facing a similar situation [of major trusts and monopolies], [Teddy] Roosevelt declared, "When aggregated wealth demands what is unfair, its immense power can be met only by the still greater power of the people as a whole."
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> With today's economy dominated by the FA[A]NG companies, will Donald Trump — another brash New Yorker who found himself in the White House — follow TR's lead? Perhaps a better question is, why wouldn't he?

When you have people such as Wu and Reynolds, representing the progressive left and the libertarian right, agreeing on both the problem and the solution, something bad is definitely afoot. (For a quick look at how antitrust law typically yields bad results, go here).

Then there's the legacy media, which is also doing its damnedest to characterize tech and social media companies as not simply all-powerful, but unprecedentedly dangerous in their actual effects on our lives, dreams, and politics.

A recent story in the *Washington Post*, for instance, tracked how a satire site, *America's Last Line of Defense*, that literally tells its readers "nothing on this page is real," is nonetheless believed by any number of dumb people. "The more extreme we become, the more people believe it," the creator of the site tells the *Post*, which notes that the "page had become one of the most popular on Facebook among Trump-supporting conservatives over 55." *The New York Times* recently released a breathless, three-part video series called *Operation Infektion* about "Russian disinformation from the Cold War to Kanye." Neither of these products (and others like them) do a particular good job of explaining *why* new modes of media are particularly dangerous or even effective. How much does it matter that retirees are willing to believe just about anything that anyone says about a particular politician? *Operation Infektion*'s big example of how brilliant the KGB was deals with it spreading the lie that the U.S. government created AIDS back in the 1980s, a conspiracy theory that never reached mass acceptance or affected world events.

The overall impact of these sorts of journalistic pieces is to add to the idea that we are in a bold new world that needs bold new solutions. Ironically, of course, those solutions are themselves older than the mummies on the Senate Judiciary Committee: breaking up businesses or heavily regulating them, typically with rules written by the very people who run them. This is what the railroads managed to do back in the day, as socialist historian Gabriel Kolko reminds us. Contrary to received progressive

mythologizing, railroad tycoons worked with would-be regulators to fix the markets in their favor. It's a predictable evolution from what Burton Folsom called a "market entrepreneur" (one who makes a fortune by producing a superior product or service at a price people want) to a "political entrepreneur" (who uses government power to lock in a superior position in the market). Tim Cook, in other words, knows what he's doing.

I worry less about the market power of the FAANG companies than I do about the rise of a new industrial state in which powerful companies and powerful politicians team up to decide how best to run the world in which you and I live. As bad and stupid as Facebook's, Twitter's, and YouTube's attempts at policing themselves have been, I don't see things getting better if Sens. Dianne Feinstein (D–Calif.) or Charles Grassley (R–Iowa) get involved, do you?

Maybe instead of freaking out all the time about how stupid media consumers are, we can start focusing on how to become more critical readers and listeners. Maybe instead of listening to CEOs of trillion-dollar companies, who insist that the free market has crapped out, we can establish basic, common-sense fiscal, monetary, trade, and labor policies that enable innovation and growth. And maybe instead of trying to figure out how to keep old zombie businesses such as GM afloat with more government money and regulation, we let that failed free market kick things around a little bit.

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