Twitter Thread by Noah Smith

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Time for panel #3: Big Tech and regulation!

I will be live-tweeting again, and you can also watch video at either the Twitter or Facebook links below!

> Bloomberg Ideas conference now starting! I will be live-tweeting it. You can watch on our Facebook or Twitter pages (links below)! https://t.co/Mbr9dZzWBy
>
> — Noah Smith (@Noahpinion) October 25, 2018

Kaissar: Every industry gets regulated when it gets big. The question is what kind of regulation Big Tech will get,and whether the companies will be proactive in shaping it.

Kaissar: More profitable companies have higher returns. Why? Maybe it's a risk factor, because more profit = higher risk of getting regulated.

Bershidskyis showing a diagram of GDPR complaince pop-ups. What a massive ill-conceived bureaucratic mess.

Ritholtz: It's 2018 and we're still talking about Facebook privacy settings?! If you're still giving your personal data to Facebook, you just don't care about privacy!

Feldman: But FB can tell everything about you from watching your posts and interactions.

Ovide: Why should we have to choose between not using consumer internet services at all or giving away all of your personal data? Shouldn't there be some middle ground?

Mukherjee: The idea of "notice and consent" is dead. No one reads privacy notices. And many are deceptive.

Mukherjee: 5g is a big change that is going to make privacy harder and more important.

Mukherjee: With 5g, there will multiple people getting video of you all the time. That's qualitatively different from anything that has gone before.

Kaissar: FB's stock value is an exponential function of how much data Facebook users give it. In other words, people aren't getting paid full value for their data.

Kaissar: Social networks' network effects mean individuals are too small to bargain for their own data individually. People need an intermediary to bargain for them.

Feldman: Inevitably, it will be the government.

Remember, you can watch the panel live right now at https://t.co/Juz5Mp2EC1

Ritholtz: I trust Netflix and Google with my data, much more apprehensive about Facebook

Ritholtz: Amazon and Netflix are more trustworthy, and this has been reflected in their stock values. FB stock has struggled because people don't really trust it.

Bershidsky: Google is more vulnerable to antitrust than Amazon because Amazon doesn't have a dominant position in most markets.

Feldman: Has any American monopoly been broken up regulated when people loved that monopoly? No. They only get regulated or broken up when the public is lukewarm or negative on a company.

Ritholtz: Companies become creepy when they misuse your data, with fake news or ads that follow you around.

Kaissar: The business cycle matters for opinions of tech companies. If we have a downturn and Big Tech gets hammered, the (regulatory) situation might change quickly.

Ooh look I can paste a link of the live video into my tweets!!

https://t.co/aT6N3vrRvt

Ritholtz: Uber messed up by flouting the law.

Feldman: OK, so you mess up, you apologize, you replace your CEO, and you're fine!

Ritholtz: Uber lost market value because of Kalanick.

Ovide: Regulators cracked down too hard on scooters because they felt they had messed up earlier by under-regulating Uber.

Kaissar: Young people care a lot about ethical investing. If you do ethical investing you can't invest in Uber.

Ritholtz: Ethical investing can push companies like Uber to have balanced boards and C-suites instead of a bro culture.

Kaissar: You don't have a choice not to use Facebook. Therefore, contracts between individuals and Facebook are essentially forced contracts.

https://t.co/aT6N3vrRvt

The interesting discussion continues...

Questions from the audience: Singapore and other countries can suck away talent from America by being more proactive in their regulation. Will the U.S. lose global tech leadership due to slow, reactive regulation?

The idea is that "regulatory sandboxes" - zones of light regulation - can let an industry develop, giving regulators a much better idea of how to regulate that market.

Anyway, that's a wrap! Hope you all enjoyed this Bloomberg Ideas conference! We'll have another in six months!
(end)