

Big tech meets No 8 wire

Two comments

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# Zooming out: Emerging consensus that competition law is not enough

- 2019 reports in EU (Crémer), UK (Furman) and US (Stigler Centre)
- Common theme that active oversight and specific regulation (eg data portability, increase transparency, curb monopoly practices) are required
- Why?

1. Digital markets are often prone to tipping (winner takes all)
  - Economies of scale and scope
  - Network effects
  - Importance of large data sets to digital advertising
  
2. Incumbents can build fortifications
  - Make it difficult to switch or multi-home
  - Expand into complementary products to control customer relationship and reduce risk of disintermediation (eg Facebook re digital identities and Libra)
  - Acquire nascent competitors (eg Facebook re Instagram and Whatsapp)

### 3. Platforms can grow very quickly

- Facebook: founded 2004; today 2.3 billion monthly active users
- Combination of low distribution costs, global audience and zero price

### 4. Digital platforms can have spillover effects

- For example, impact on news media from loss of advertising revenue and increasing reliance on social media for distribution (ACCC focus)
- But also broader impacts on democracy (fake news, micro-targeting) and society (extremist content, addiction)

# Zooming in: What does it mean for New Zealand?

- The economics and implications are global
- But, at least some of the solutions will be local (eg protection of media plurality, electoral laws)
- Challenges re jurisdiction (eg *Viagogo*), but can have local place of business requirements and garnishee orders on NZ generated revenue
- Time for a Technology Commission in New Zealand?
  - Active oversight and regulation
  - Part of the global dialogue