

Jim's Perspective...

The American Free Enterprise System and Antitrust Law

I recently read that the European Union fined Apple \$2 billion because of the company's practice of illegally charging some type of fee of up to 30 percent to other companies that sold services through the App store. Apple has also apparently refused to allow companies, such as Spotify, to advertise cheaper alternatives to the same service provided by Apple. It is reported that Apple has the power to do these things because it knows that many consumers are loath to leave the iPhone network.

Apparently the E.U. also recently passed a new law that applies to the operation of Big Tech called the Digital Markets Act. The technology companies generally deny that they have behaved anti-competitively. Also, Apple is appealing the E.U.'s \$2 billion fine. Big Tech argues that the solution to any monopoly is the 'free market' and that they remain vulnerable, all the time, to new rivals that can disrupt their networks. However, companies can eliminate threatening rivals by buying them, which is what Google did with YouTube. So ultimately, the only entity with the power to tame a monopoly is a national government.

To get a good understanding of antitrust law and development of monopolies in the American economic system of free enterprise, there is an excellent book on the subject written by Tim Wu, titled, *The Master Switch: The Rise and Fall of Information Empires*. Knopf Doubleday Publishing Group, 2011. At the time this book was published, Mr. Wu was a professor at Columbia Law School.

In the book, Wu used a term called "The Cycle" to describe what happened after a new form of communication arrived in society, such as the telephone, radio or internet. For example, in the early days of radio, there were many amateur radio stations. I remember my maternal grandfather had some sort of electronic device that he could fiddle with and suddenly come in contact with many amateur radio operators. From my perspective, as a boy, it was as if he could travel, or drift, through the atmosphere, and suddenly receive new and unusual sound from somebody. This huge, vastly unique and different radio industry began to change over time because as one radio station became popular, more people wanted to listen to it so they can know what other people are hearing, and they can all discuss together what they have heard on the radio station. As more people turn to one station, more companies want to buy advertising time on this station. This allows the station to grow and dominate a sector of this industry. This is the unfolding and development of "The Cycle" that Wu writes about. This cycle of society converging on one, or a few, industrial companies develops into a situation in which a few companies have a monopoly position in the industry.

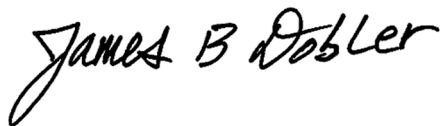
Wu notes that "The Cycle" is something that continues to recycle. "The Cycle" constantly turns over and repeats itself in other ways. He says, "History shows a typical progression of information technologies from somebody's hobby to somebody's industry; from jury-rigged contraption to slick production marvel; from a freely accessible channel to one strictly controlled by a single corporation or cartel; from open to closed system. Eventually, entrepreneurs or regulators smash apart the closed system and "The Cycle" begins anew."

This "Cycle" happened in Lincoln in the late 1950's and 1960's when AM radio station KLMS dominated the rock and roll radio market in town. I remember getting my first plug-in radio in the late 1950's that my parents purchased for me. In part, they got the radio for me because my dad had built a new small bedroom in the basement of our house and this is where they moved me so that they could better accommodate their four children in a three-bedroom house. I think they figured that the radio music would make me feel better, and not feel sad that I was down in the basement by myself! I always listened to KLMS as did all of my friends. We talked about the station and its music at school or whenever we got together at other social events. KLMS did many other activities besides playing music. I remember they played a game called "Name That Tune." They would play a small portion of a song, and listeners had to call in and name the song. If a listener got the name of the song correct, they won some kind of prize for winning. Another very popular radio station for teenagers in the 1960's was KOMA, located in Oklahoma City. It was a very powerful radio station. So powerful that soldiers in Vietnam could tune into it and get a bit of nostalgia as they listened to rock music from America. My friends and I always listened to it when we were out pheasant hunting in rural Nebraska. I see this social development or "The Cycle" develop today with social media platforms and other technology sector companies. Young people are always chatting about stuff they see on their cell phones or other computer related devices.

For most of the 21st century, regulators in the U.S. and other countries have allowed technology companies to grow ever larger. Consider this statistic: The combined stock market value of Amazon, Apple, Microsoft and the parent companies of Facebook and Google has more than doubled since just the end of 2019 (New York Times, March 4, 2024). It has been reported that Congress and the Biden administration are considering legislation and regulations to reduce the giant monopolies that exist today in the big tech industry. This has given me an idea that I want to share with you. I think I am going to reach out to companies in the big tech industry, such as Facebook and Microsoft, and offer to be their lobbyist in Congress to oppose legislation that impacts their business models! I will explain to the potential tech industry clients that I am highly qualified to appreciate their technological characteristics, and I can easily explain to members of Congress and the Biden administration, how their technologies operate, because of my own experiences with technology. I am very knowledgeable about technology because I have learned, and used, all of the following tech ideas!

1. How to plug-in an AM radio, and tune in a radio station.
2. How to use a land-line, rotary dial, telephone.
3. How to use a transistor radio.
4. How to manipulate the "rabbit ears" TV antenna located on top of a black & white TV, and dial in a TV show.
5. How to shift a 4-speed manual transmission on a car.
6. How to use a manual greens mower on a golf course.
7. I could easily play rock & roll music hits on the Jukebox.
8. I easily figured out how to use an electric typewriter.

My list of accomplishments can go on and on, but I think the above accomplishments will convince today's big tech industry that I am the best advocate for today's high-tech industry! Don't you agree?? Can't wait to get started!



Jim Dobler, CPCU

PIA Legislative Coordinator

Questions or Comments? Please email jbdobler@outlook.com