

*Submission for: the U.S. DOJ Cyber-Digital Task Force June 2018 [Report](#) to the Attorney General*

*Tasked to “...ensure that Internet-based technologies remain sources of enrichment, rather than becoming forces of destruction and vectors of chaos.”  
& Submission for the U.S. DOJ Antitrust Division 5-31-18 Antitrust [Roundtable](#) on Anticompetitive Regulation  
which “will assess the consumer costs of anticompetitive regulations.”*

***Why can American consumers expect safe and honest consumer products, food, drugs, vehicles, planes, etc. and privacy and honesty in offline health care, education, financial services, and communications, but can't expect Internet platforms, data, devices, software, apps, sites, content, AI, AR, cryptocurrencies, etc. to be safe, secure, private, or honest?***

# **Evident Internet Market Failure To Protect Consumer Welfare**

**Utopian Internet Policy\* of Amoral Authority & Asymmetric Accountability Legalizes Online Civil Illegality, which Legally Inverts Normal Market Incentives, to Not Protect Consumer Welfare, Innovation, Choice, and Quality. Thus Government Policy Failure Causes Internet Market Failure for Protecting Consumer Welfare, Security, Privacy & Honesty.**

*\*Utopian U.S. Internet policy in Section 230 of the 1996 Telecom Act effectively [exempts](#) only Internet companies from: all U.S. communications law, regulation, and public responsibilities and most non-communications Federal/State regulation; and immunizes them from civil liability for whatever happens via their platforms and business models.*

**May 31, 2018**

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*The views expressed in this presentation are the author's; see Scott Cleland's full biography at: [www.ScottCleland.com](http://www.ScottCleland.com).  
Precursor® LLC is an internetization consultancy serving Fortune 500 clients, some of which are Internet platform competitors.  
NetCompetition® is a pro-competition e-forum supported by broadband interests*

## i. Executive Summary p. 1

- The **purpose** of this white paper is to document it is **evident there is Internet Market Failure to protect consumer welfare**.
  - The simplest proof is the answer to this question: *Why can American consumers expect safe and honest consumer products, food, drugs, vehicles, planes, etc. and privacy and honesty in offline health care, education, financial services, and communications, but can't expect Internet platforms, data, devices, software, apps, sites, content, AI, AR, cryptocurrencies, etc. to be safe, secure, private, or honest?*
  - The longer proof is documented here, via a Precursor causation model and empirical evidence of market failure and consumer harm.
- The Wild West Internet's evident dearth of market incentives to protect online consumers' privacy, data, security, and well being speak loudly. On the Internet there is little consumer expectation of privacy, security, safety, or honesty -- the exact opposite of what consumers expect in the offline free market. **This is NOT a problem of Internet technology or innovation, but a problem of Internet policy and law.**
- **The root cause of this Internet market failure of minimal market incentives to protect consumer welfare is U.S. Internet policy's utopian Section 230 provision in the 1996 Telecom Act.** Its implicit utopian legal presumption was that Internet technology warranted extraordinary legal immunity from civil liability and responsibility, because Internet technology best solves the world's problems, and because the Internet was only a force for good and not evil. Evidently, the Internet's utopian promise has yielded many Internet dystopian results.
  - **Section 230 is a 1996 Federal law that immunizes corporate illegality online, and de facto encourages online irresponsibility, amorality, dishonesty, negligence, and consumer endangerment.** In 2018, Congress had to pass [FOSTA](#) to override Sect. 230's sweeping online immunity to legally be able to prosecute long-known online child sex-traffickers. That travesty is only the tip of this Sect. 230 iceberg.
- In practice, Sect. 230 effectively absolves in advance the guilt, responsibility, and consequences, of much Internet-enabled civil wrongdoing, and which in turn inverts the intrinsic moral nature of America's justice system, from one where under rule of law some acts are determined wrong and illegal, to the current Wild West Internet, where most anything goes, and what's normally wrong and considered consumer harm offline, is ignored, tolerated, and even celebrated as right and good online.
  - In **inverting the interests of justice to online civil injustice**, Sect. 230 selectively denies: equal protection under the law, recourse, due process, deterrence, justice, order, public safety, and rule of law -- to much of the online dimension of America.
  - In absolving in advance Internet platforms from liability for operating in ways that enable consumer endangerment, Section 230 also **inverts market incentives from protecting consumer privacy and security to exploiting consumer privacy and security**, by legally minimizing the market risk and maximizing the market opportunity for disregarding consumer's privacy, security and well being.
- Cumulatively over time, government policy failure has systemically inverted the market incentives that have aggregated to cause the current Internet market failure, where consumer privacy, data protection, safety, and security are devalued, and competed around dramatically less online than offline. **Government failure in, yields market failure out. Utopian legal inputs, yield dystopian societal outputs.**
- A summary of the evidence of Internet market failure to protect consumer welfare and honest competition follows.

## i. Executive Summary p. 2: Evidence Summary of Internet Market Failure to Protect Consumer Welfare

### If there is no government or market failure at work...

1. Why is no computer, device, network, or entity safe from online hacking?
2. Why are there minimal incentives, duties, or expectations to write secure computer code, or to make secure equipment, devices, software, or apps – to protect American consumers?
3. Why are Americans' identities, privacy, data, and property so unsafe, nonsecure, or unprotected online in America?
4. Why are there minimal government efforts and market forces to protect minors from online harms?
5. Why is there minimal government or market consequence for: facilitating ISIS terrorist recruitment online? Live online broadcasting of murder, rape and torture? Or treating consumers as dehumanized “products” to be tracked, and lab rats to be tested, addicted, and manipulated by design?
6. Why is the integrity, civility, trustworthiness, and accountability of America's key democracy processes -- elections, news, journalism, social media, organizing, and digital advertising -- in question?
7. Why do brands have to worry for the first time that digital advertisers may endanger their brands with brand-unsafe ad placements?
8. Why have most U.S. Fortune 500 companies had their intellectual property and trade secrets stolen online by China?
9. Why don't U.S. consumer protection agencies -- the FTC, FCC, CPSC, CFPB, FDA, SEC, and CFTC – have legal authority to protect Americans from Internet-originated harms?
10. Why must American consumers depend on three unaccountable, conflicted, monopoly-bottleneck, Internet platforms for their access to accurate information for much of America's consumer economy?
11. Why over the last five years have the annual revenues of Google, Amazon, and Facebook (GAF) grown *42 times* faster than the other 497 companies in the Fortune 500?
12. Why does the government require operators of offline financial and commodity exchanges to be honest brokers and to not front-run, self-deal, or abuse inside information, and to protect private fiduciary information, but does not require Internet winner-take-all intermediary platforms to operate honestly and responsibly towards others?

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# I. A. PROBLEM: Online Amoral Authority & Asymmetric Accountability

## U.S. Internet [Policy](#) in the 1996 Telecom Act & Section 230:

1. Exempts only Internet firms from all [FCC](#) laws, regs, costs, and duties;
2. Exempts only Internet firms from most Federal and State regulation in Section [230](#); and
3. Immunizes Internet firms from civil liability for harms on their platform or from their biz model, under Section [230](#).
  - [47 U.S. Code § 230\(c\)\(1\)](#) *No provider or user of an [interactive computer service](#) shall be treated as the publisher or speaker of any information provided by another [information content provider](#).*

### Notes:

**“Asymmetric accountability”** here means: this civil law immunity only applies online and not offline.

**“Amoral authority”** here means: policy is indifferent to right and wrong; just and unjust; fair and unfair; true and fake; and/or safe and unsafe.

The Internet Association’s 2016 Policy [Platform](#) explained that section 230 provides “*essential liability protections that have allowed Internet platforms to scale and diversify*” via a “*shield... from liability*” that affords no “*requirements to police their users actions.*”

**Antitrust laws** are explicitly unaffected by the exemptions and immunities above in the 1996 Telecommunications [Act](#) and section [230](#). “Section 601... (b) ANTITRUST LAWS.— (1) SAVINGS CLAUSE.— Except as provided in paragraphs (2) and (3), **nothing in this Act or the amendments made by this Act shall be construed to modify, impair, or supersede the applicability of any of the antitrust laws.**”

[Bold added for emphasis.]

# I. B. PROBLEM – Why Is Section 230 Utopian Internet Policy & Amoral Authority?

- **U.S. INTERNET POLICY:** Section 230 of the 1996 Telecom Act [exempted](#) only Internet platforms (i.e. “*interactive computer services*”) from: all U.S. communications law, regulation, and public responsibilities; most non-communications Federal and State regulation; and civil liability for whatever happens via their platforms and business models.
  - In 1996, ~3% of Americans were online and the Internet was basically a bulletin board; in 2018, ~90% of Americans are online, and the Internet is everywhere people live, work, and play, and used for everything.
- **UTOPIAN POLICY:** It is evidently utopian policy because it envisioned Internet interactivity technology as only free speech and as a benign solution to the world’s problems, because in policy and law, it in advance absolved Internet platforms from most civil responsibility and accountability to consumers, society, and the government.
  - The only logical explanation for Congress granting such extraordinary legal treatment was a collective presumption that this Internet policy and law represented a minimal threat of harm to anyone or anything.
- **AMORAL AUTHORITY:** In advance absolution for “*interactive computer services*” from most civil and consumer protection responsibility and liability in effect rejects America’s fundamental governing principles of morality-ethics, justice, fairness, and honesty, because it is U.S. policy that whatever an “*interactive computer service*” platform does, or does not do civilly, is already OK-ed by the U.S. Government.
  - This extraordinary “safe harbor” is why in 2018, Congress had to pass to pass the Fight Online Sex Trafficking Act (FOSTA) and amend Section 230, to make it clear to the courts that trafficking children for sex online was wrong and should be illegal and not protected from prosecution in America -- like it had been for 20 years.

# I. C. PROBLEM: Why Is Section 230 Amoral Authority So Destructive?

- Section 230 is a well-intentioned, 1996 Federal law that via court interpretation over time now effectively immunizes corporate illegality and de facto encourages irresponsibility, amorality, dishonesty, negligence, and consumer endangerment.
- Section 230 is essentially the antithesis of the U.S. Constitution and rule of law.
  - The Preamble of the U.S. Constitution states: *“We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.”*
- In stark contrast to the U.S. Constitution which embodies, authorizes and defends what is right, just, fair, true, and safe, the intrinsic amoral authority in Section 230 inversely authorizes and protects what is wrongful, unjust, unfair, fake, and unsafe online.
- Section 230’s utopian premise elevates Internet technology above civil rule of law and accountability, in dangerously prioritizing the welfare of Internet technology over the welfare of “the people.” **The problem is *not* Internet technology, but outdated, out-of-control, Internet policy and law.**
- It is especially dangerous to imbue the most pervasive, permissive, intrusive, and inversive technology in the world with unbounded civil immunity that otherwise is conferred on no person, position or entity in America. (No other country has conferred it either.)
  - For example, consider that artificial intelligence is an *“interactive computer service”* that is authorized under Section 230 to act in ways that are civilly illegal for human intelligence to do offline, and that has no responsibility or accountability to American society or consumers to do what is right, just, fair, true, and safe.
  - Elevating technology freedom above human liberty legally, is a predictable recipe for tyranny, harm, and caprice.
- Section 230’s implicit authorization and immunity for wrongful, unjust, unfair, fake, and unsafe online acts and practices, has yielded predictable and evident harms to consumers and American society in:
  - Removing the normal government restraint of civil rule of law and accountability for civil wrongdoing online;
  - Undermining and confusing people’s and minors’ natural consciences of right and wrong; and
  - Breaking down the fabric of society in matters of civil law; community standards; basic personal, business, and professional ethics; and acceptable patterns of personal, conduct in everyday life.

# I. D. PROBLEM: How Utopian Internet Policy Causes Dystopian Effects

Section 230, in immunizing corporate illegality by Internet platforms, is effectively authorizing civil: irresponsibility, amorality, dishonesty, negligence, and consumer endangerment, online.

## Section 230 Is a Utopian Internet Policy of Asymmetric and Amoral Rules/Fuels/Tools:

### RULES: Only U.S. Internet Policy:

1. Exempts only Internet firms from all FCC laws, regs, costs, & duties;
2. Exempts only Internet firms from most Federal & State regulation;
3. Immunizes Internet firms from liability for harms on their platform or from their biz model;
4. Exempt only Internet firms from many taxes; public responsibility costs; & U.S. sovereign governance.

### FUELS: Only Internet firms enjoy Section 230:

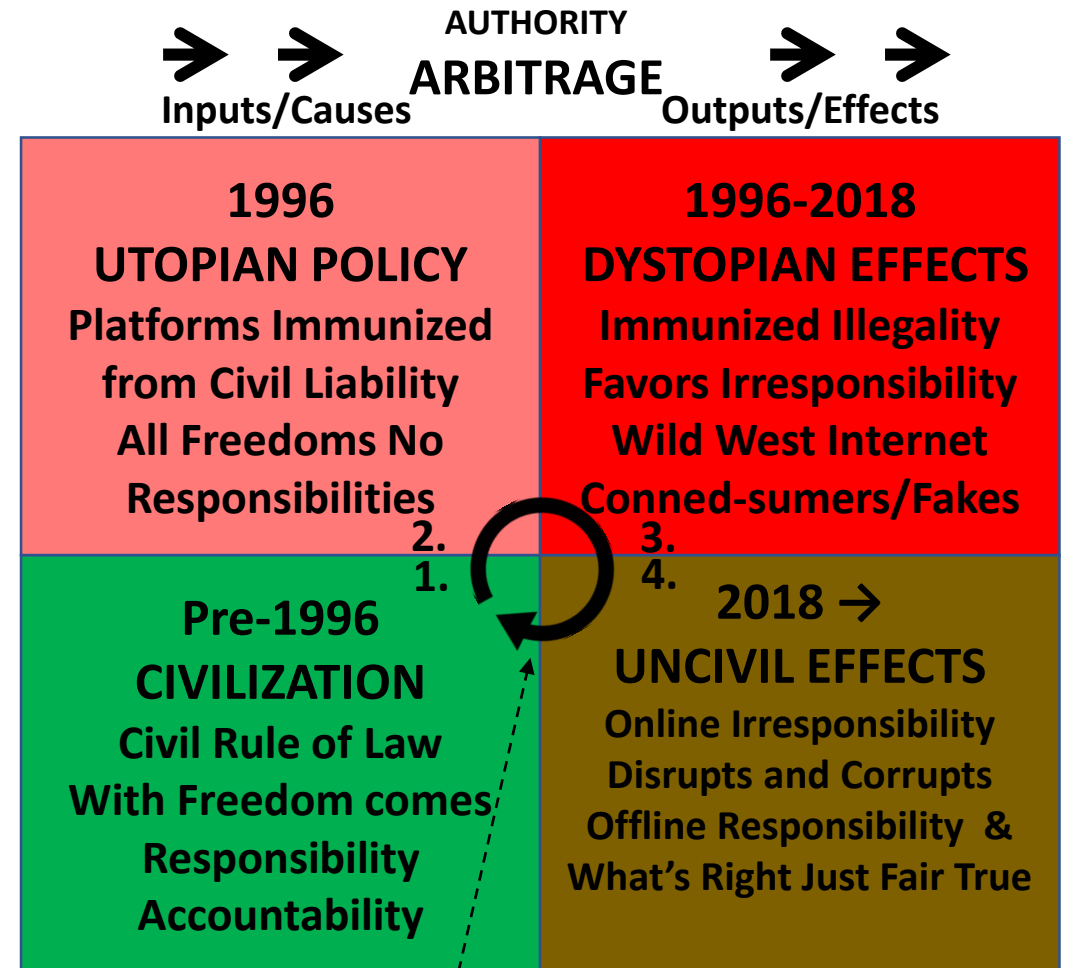
- Freedom from responsibility; no friction; network effects, fixed-price of zero; permissionless use of private data/property; unlimited scale/scope/reach; etc.

### TOOLS: Only "interactive computer services:"

- Enjoy unaccountable technologies:
- Non-transparent intermediary algorithms; cryptocurrencies; blockchain; AI; AR; data surveillance and collection; encryption; etc.



## DYSTOPIAN EFFECTS



The Un-Virtuous Circle of Utopian Internet Policy

Info-Graphic by Scott Cleland 2018



# II. A. CAUSE: A Causation Model for Internet Market Failure Via Amoral Authority

Since Section 230's amoral authority incents Internet platforms to cheat consumer welfare, innovation, choice and quality with fixed zero-priced products, services, and apps in beta, it eliminates market incentives to compete on non-price consumer welfare.

## Section 230 Is a Cheater's Charter of Inverted Incentives From Amoral Rules/Fuels/Tools:

**RULES:** Only U.S. Internet Policy:

1. Exempts only Internet firms from all FCC laws, regs, costs, & duties;
2. Exempts only Internet firms from most Federal & State regulation;
3. Immunizes Internet firms from liability for harms on their platform or from their biz model;
4. Exempt only Internet firms from many taxes; public responsibility costs; & U.S. sovereign governance.

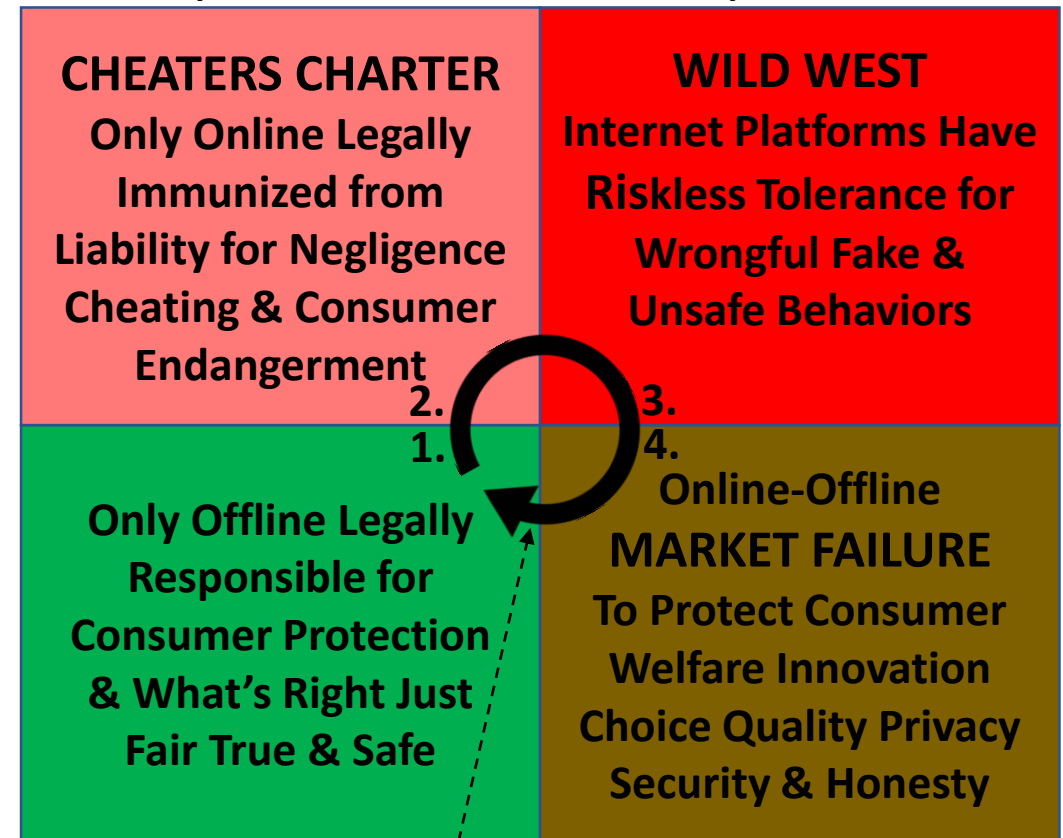
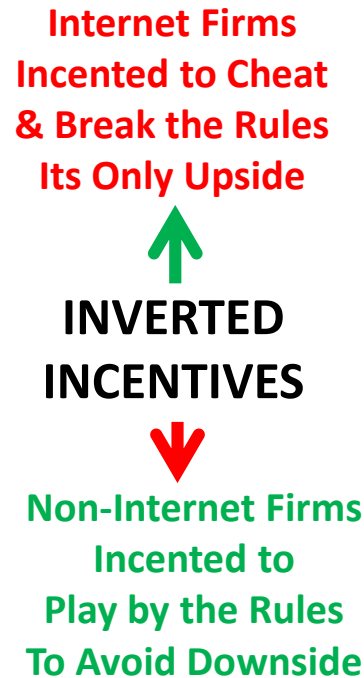
**FUELS:** Only Internet firms enjoy Section 230:

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**TOOLS:** Only "interactive computer services:"

- Enjoy unaccountable technologies;
- Non-transparent intermediary algorithms; cryptocurrencies; blockchain; AI; AR; data surveillance and collection; encryption; etc.

## MARKET FAILURE



The Un-Virtuous Circle of Amoral Authority's Inverted Incentives

Info-Graphic by Scott Cleland 2018

## II. B. CAUSE: Causation Model for Internet Market Failure via Asymmetric Accountability Arbitrage

*Asymmetric Game Rules and Playing Field Incent Arbitrage, Short-Circuits Free Market Competition for Winners & Losers*

### Unfair Game Rules/Playing Field of Asymmetric Rules/Fuels/Tools:

**RULES:** Only U.S. Internet Policy:

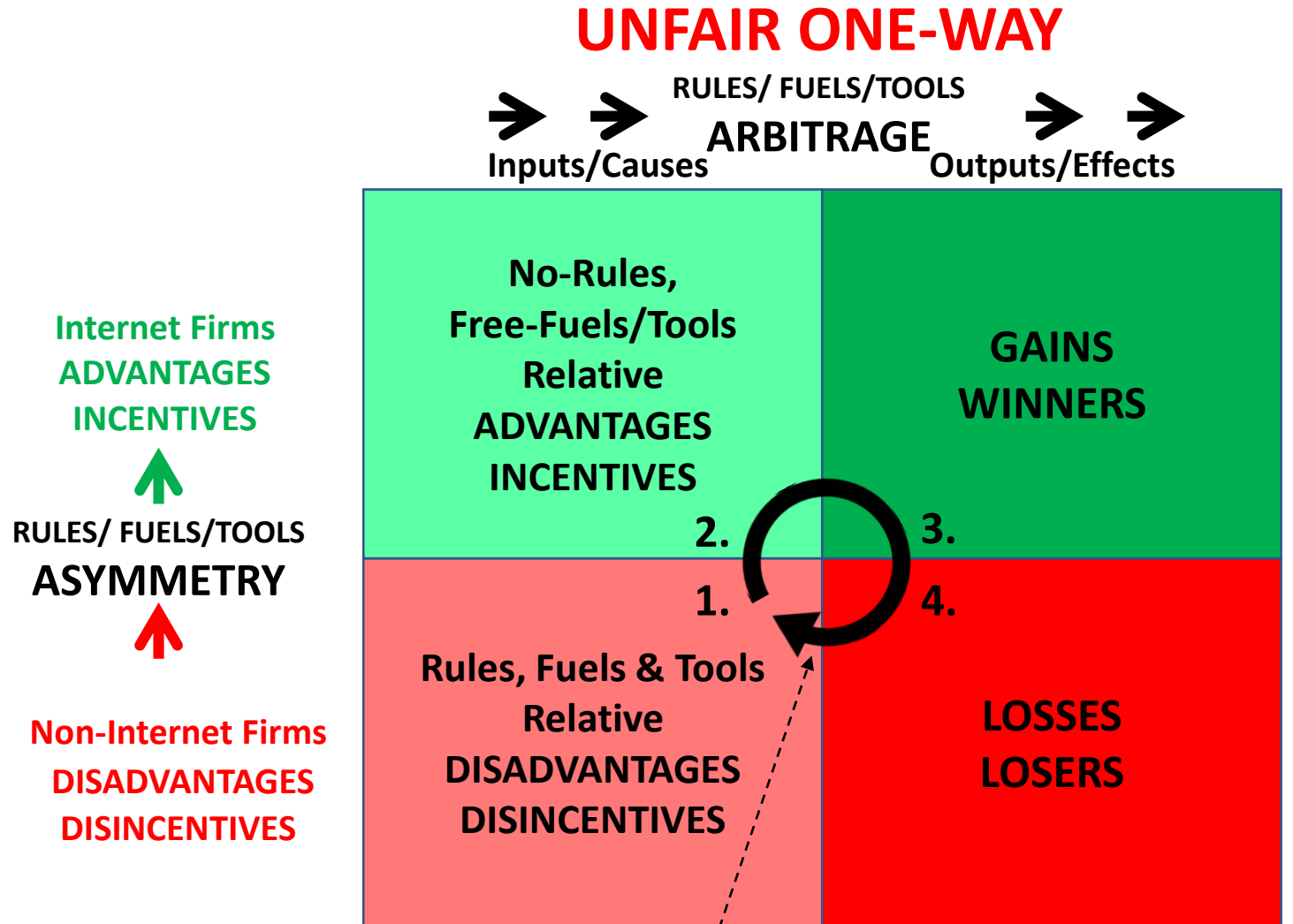
1. Exempts only Internet firms from all FCC laws, regs, costs, & duties;
2. Exempts only Internet firms from most Federal & State regulation;
3. Immunizes Internet firms from liability for harms on their platform or from their biz model;
4. Exempt only Internet firms from many taxes; public responsibility costs; & U.S. sovereign governance.

**FUELS:** Only Internet firms enjoy:

- Freedom from responsibility; no friction; network effects, fixed-price of zero; permissionless use of private data/property; unlimited scale/scope/reach; etc.

**TOOLS:** Only interactive computer services:

- Enjoy unaccountable technologies:
- Non-transparent intermediary algorithms; crypto-currencies; blockchain; AI; AR; data surveillance and collection; encryption; etc.



*The Un-Virtuous Circle of Accountability Arbitrage*

Info-Graphic by Scott Cleland 2018



## II. D. CAUSE: Extreme Information Asymmetries Cause Internet Market Failure

*Not modernizing pre-Internet privacy, data, and fiduciary laws means market-wide intermediary exchange information can be ~total and unlimited by Internet monopsonies (Google Amazon Facebook) while offline competitors' market information is partial and limited.*

### Unfair Extreme Info Asymmetry of Asymmetric Rules/Fuels/Tools:

#### RULES: Only U.S. Internet Policy:

1. Exempts only Internet firms from all FCC laws, regs, costs, & duties;
2. Exempts only Internet firms from most Federal & State regulation;
3. Immunizes Internet firms from liability for harms on their platform or from their biz model;
4. Exempt only Internet firms from many taxes; public responsibility costs; & U.S. sovereign governance.

#### FUELS: Only Internet firms enjoy:

- Freedom from responsibility; no friction; network effects, fixed-price of zero; permissionless use of private data/property; unlimited scale/scope/reach; etc.

#### TOOLS: Only interactive computer services:

- Enjoy unaccountable technologies:
- Non-transparent intermediary algorithms; crypto-currencies; blockchain; AI; AR; data surveillance and collection; encryption; etc.

Internet Platform  
Monopsonies'  
**ALLOWED UNLIMITED**  
~TOTAL INFORMATION



**EXTREME**  
**INFORMATION**  
**ASYMMETRY**



**Non-Internet Firms**  
**LEGALLY LIMITED**  
**PARTIAL INFO**

## MARKET FAILURE

INFORMATION ASYMMETRY

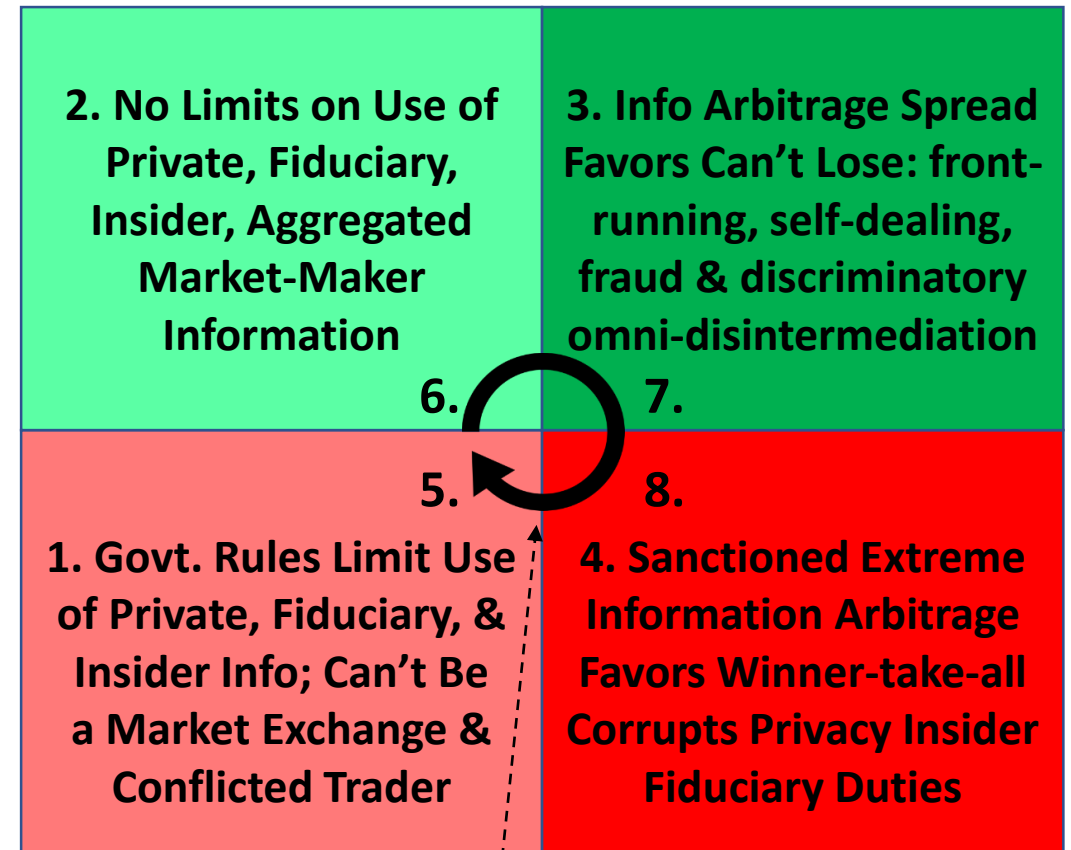


Inputs/Causes

ARBITRAGE



Outputs/Effects



*The Un-Virtuous Circle of Extreme Information Arbitrage*

Info-Graphic by Scott Cleland 2018

## II. E. CAUSE: How Section 230's Inverted Market Incentives Cause Internet Market Failure

### Amoral Inverted Incentives:

- Section 230's amoral authority is indifferent to right/wrong; just/unjust; fair/unfair; true/fake; and safe/unsafe, which causes market incentive chaos and results in market failure.
- Thus Section 230 inverts market incentives for Internet platforms:
  - From the normal competitive incentive to do what's right, just, fair, true, and safe to win and keep customers long term;
  - To benefiting from absolution of legal responsibility for however they curate or don't curate their platforms, where tolerating what is wrongful, unjust, unfair, fake, and unsafe online, enables Internet platforms to achieve first-mover and scale advantages, and winner-take-all network effects.
- Cheaters can't lose.

### Asymmetric Inverted Incentives:

- Fair game rules and a level playing field encourages competition on the merits, pricing, quality, terms and conditions, specialization, differentiation, supply and demand, and risk and reward.
- Absolutely asymmetric game rules and playing fields heavily-incent arbitrage behaviors that maximally exploit the abnormal win-win, "arbitrage spread" of simultaneously minimizing risk and maximizing reward.
- This incentivizing and rewarding regulatory arbitrage above most else short-circuits free market competition for winners and losers, a logical form of market failure.
- Arbitrageurs can't lose either.

# III. A. EFFECTS: Summary of America's Evident Internet Market Failure

*Note: Internet policy's amoral authority and asymmetric accountability is the only exogenous cause-effect factor -- that is: time/technology coincident; ubiquity/comprehensiveness similar; and scale/scope/reach common -- that could cause the evident Internet market failure dynamics below.*

1. **Evident Internet Policy Macroeconomic Distortions:** The following two relative 2013-2017 economic growth outcomes, and third industrial policy economic impact, are highly uncharacteristic of a free market economy and indicative of competitive market failure.
  - a) **Extremely asymmetric Internet platform revenue growth outcomes:**
    - From 2013-2017, the annual revenues of Google, Amazon, and Facebook (GAF) grew 183% versus the annual revenue growth of the collective Fortune 500 firms *minus* the GAF revenues grew 4.4%, **42 times faster over five years**. (GAF 2012 revenues = \$116.4b and 2017 \$329.4b, and Fortune 500 – GAF revenues 2012 \$11.94t and 2017 \$12.47t per company reports and [Fortune 500](#) figures.)
  - b) **Extraordinary relative corporate revenue growth underperformance versus real USGDP:**
    - From 2013-2017, real USGDP grew 11.34%, or 85% faster than the 6.14% collective revenue growth rate of the Fortune 500, and 157% faster than the Fortune 500 – GAF, per [US BEA](#) and [Fortune 500](#) data.
    - The collision of the counter-purposes and dynamics of the free market economy and the immunized, inverted incentives of Internet platforms, incents economy-wide: winner-take-all mass disintermediation of suppliers from customers, wholesale price deflation, and distorted economic growth.
  - c) **Huge Hidden Public Costs (>\$1.5T) of U.S. Internet Industrial Policy:**
    - Sweeping Government exemptions and immunities from real and large risks and costs overwhelmingly [favor](#) zero-sum, parasitic policy arbitrage and corporate welfare, which perversely fosters unproductive “leechonomics” – AKA Internet market failure.
    - U.S. Internet policy most incents platform business that maximizes arbitrage spreads, i.e. taking maximal societal risk that un-immunized competitors can't take, where the benefits can be mostly capitalized by platforms, and the costs mostly socialized to the public (>\$1.5T), because the government has only exempted and immunized platforms from normal commercial accountability and responsibility for consumer welfare.
2. **Evident Serial Internet Monopsonization:** American consumers must [depend](#) on *three* unaccountable, monopsony-bottleneck, Internet intermediary platforms which each have aggregated ~90% of online access to consumer demand -- for their continuous “access to accurate [discovery] information” for much of America's consumer economy [involving](#):
  - Google Standard Data for consumers' general information access;
  - Amazon Standard Commerce for consumers' click-to-door ecommerce; and
  - Facebook Standard Social for consumers' social sharing of content.
3. **Evident Serial Internet Cartelization:** Multiple simultaneous cartelization dynamics are occurring in same sector [today](#):
  - Digital advertising [cartelization](#); search ecosystem [cartelization](#); and U.S. Internet startup financing [cartelization](#).

### III. A. 2. EFFECTS: Inverted Internet Incentives Contribute to Market Failure of Asymmetric Economic Growth

*The collision of the counter-purposes and dynamics of the free market economy and the immunized, inverted incentives of Internet platforms, incents economy-wide: winner-take-all mass disintermediation of suppliers from customers, wholesale price deflation, and distorted economic growth.*

**FREE MARKET/INVISIBLE HAND** ➤ vs. ⬅ **IMMUNIZED INVERTED INCENTIVES**  
Scarce and Legal Interactivity Based on  
Supply and Demand Is an Inherent  
COMPETITIVE ECONOMIC GROWTH DYNAMIC

**IMMUNIZED INVERTED INCENTIVES**  
Universal Amoral Interactivity Based on  
Algorithmic Disintermediation Is an Inherent  
UNECONOMIC & DEFLATIONARY DYNAMIC

1. Purpose: Revenue/Profit Growth
2. Optimize Function: Value Creation
3. Supply-Demand Pricing Efficiency
4. Pricing Above Cost
5. Profit-Driven
6. Economic Growth Multiplier
7. Longer-Term Focus
8. Investment-Return Driven
9. Direct Customer Relationships
10. Differentiated Competitive Choice
11. Competitive Innovation
12. 3-4+ Competitors Comprise Market

1. Purpose: Interactivity Efficiency & Growth
2. Optimize Function: Input/Asset Utilization
3. Technology/Interactivity Efficiency
4. Pricing Delinked From Cost or Is Fixed Free
5. Cost-Savings & Market-Share-Driven
6. Cost-Reduction & Network Effect Multiplier
7. Immediate-Term Focus
8. Arbitrage-Spread Driven
9. Disintermediated Customer Relationships
10. 1 Maximally-Efficient Free Commodity
11. Process Automation Innovation
12. Winner-Take-All Monopoly Market-Maker



# III. A. 3. EFFECTS: Evidence of Internet Market Failure: a Bottlenecked Online Consumer Economy

How Google, Facebook, and Amazon Anti-Competitively Command Bottleneck Control of Most U.S. Consumer Demand and Supply

*Note: Google, Facebook, and Amazon do not compete directly with each other in their core consumer supply businesses: search, social, and ecommerce.*

## 3. BOTTLENECK DISTRIBUTION

Google, Facebook, and Amazon are the Intermedia that are *in between* most everyone for most everything online:

Interrupting competition and market forces  
Intercepting inside information/trade secrets  
Interjecting discrimination & self-dealing  
Interfering with branding and selling

### 1. OFFLINE SUPPLY

*Is ~65% of U.S. GDP*

Monopolizing key supplier processes:

- GOOGLE ~90% of Mobile Search Advertising
- FACEBOOK ~90% of Social Advertising
- AMAZON ~90% of eCommerce Platform Fees

### 2. ONLINE DEMAND

*Is ~6% of U.S. GDP*

Monopsonizing key demand processes:

- GOOGLE ~90% of Digital Info Access & Services
- FACEBOOK ~90% of Social Sharing Services
- AMAZON ~90% of eCommerce Platform Services

Intermedia monopolizing power can dictate prices suppliers pay to sell to which consumers; facilitates winner-take-all piracy, self-dealing, fee/tax arbitrage

Toll-Keeper  
Pricing Power

Gate-Keeper  
Entry Power

Intermedia monopsonizing power can drive what consumers find and buy from which suppliers; favors winner-take-all discrimination, little privacy/security

Winner-take-all harms to suppliers:

- Can't compete with "the house" that: extracts a monopoly toll to reach online consumers; is exempt from 10-25% platform fees; abuses platform customer confidentiality to pirate, self-deal, and deny access to data necessary to market and compete.
- Commoditizes brands, products, and services by devaluing offline brand's safety, recognition, differentiation, and loyalty;
- Disintermediates suppliers from customers, so suppliers must negotiate price/terms with platform not customer -- deflating prices, destroying value creation.

Winner-take-all harms to consumers:

- Hyper-concentrated aggregation of consumer demand means consumers get presented with the top one, or few, self-favored: results, clicks, apps, products, services that reinforce winner-take-all outcomes at the expense of competitive choice, quality, diversity, differentiation, and innovation;
- Consumers are not Google/Facebook's customers but the product that's sold to advertisers, so users' privacy, security, and best interests are low priority.

## 4. BOTTLENECK HARMS

Winner-Take-All  
Unaccountability  
No-Transparency  
Forced Price Deflation  
Distorted Growth



### III. A. 4. EFFECTS: U.S. Internet Industrial Policy Integrally Contributes to the Internet Market Failure

*Google, Amazon, and Facebook transparently capitalized benefits of \$3.6 Trillion from 1995-2017, however, via U.S. Internet-policy, corporate-welfare, exemptions, and immunities from their biggest risks and costs, they non-transparently socialized and transferred more estimated costs to the public ~\$1.47T, than they booked as publicly-traded companies ~\$1.37T*

Amazon/Google/Facebook	Amazon/Google/Facebook
Transparent	Hidden Corporate Welfare
<u>CAPITALIZED BENEFITS</u>	<u>SOCIALIZED COSTS</u>

\$ in billions

\$ in billions

\$1,544

\$2,058

\$3,602

COMPANIES' CUMULATIVE REVENUES: AMZN \$830b 1995-2017; GOOG \$596b 2002-17; FB \$118b 2007-17

COMPANIES' MARKET CAPITALIZATION: as of 1-1-2018: AMZN \$702b; GOOG \$813b; FB \$543b

TOTAL AMAZON/GOOGLE/FACEBOOK CAPITALIZED BENEFITS: Cumulative Revenues + 1-1-18 Market Cap

Estimated special 1996-2018 Government benefits that shift platforms' risks-costs to consumers/taxpayers

\$31

Exemption from all FCC economic & public interest regulation as pure info services [2% of cumulative revenues]

\$510

Riskless disruptive innovation per immunity from civil liability (Sect. 230) [33% of cumulative revenues]

\$755

Socialized costs of platforms' uneconomic riskless disruptions (Sect. 230) [1% of '2012-17 U.S. Consumer Spending]

\$103

Government-granted anticompetitive asymmetric accountability advantages [5% of cumulative revenues]

\$31

Implicit government infrastructure subsidies [2% of cumulative revenues]

\$42

Systemic state and local sales and property tax arbitrage [5% of Amazon's cumulative revenues]

\$1,472

Total est. 1996-2018 Amazon/Google/Facebook risks/costs non-transparently transferred to consumers/taxpayers

\$4,486 U.S. per capita cost of Amazon/Google/Facebook corporate welfare [based on 328m Americans]

**Note:** For explanation of the cost estimation methodology on page 12 [here](#)

**Sources:** For companies historical cumulative revenues: [www.Statista.com](http://www.Statista.com); for market caps by date: [www.Finance.Yahoo.com](http://www.Finance.Yahoo.com); for consumer spending, used 70% of cumulative USGDP 2012-2017 per [U.S. Bureau of Economic Analysis](http://U.S. Bureau of Economic Analysis); for % estimates: Precursor LLC.

### III. B. 1. EFFECTS: America's Evident Internet Market Failure to Protect Consumer Welfare

#### *The new normal of Internet frequent fakes and the Internet "conned-sumer:"*

1. **Compromised Anti-Fraud Protection:** Amoral authority's decimation of deterrence online incents frequent consumer fraud and asymmetric accountability enables and fuels rampant: fake news, fake facts, [fake ads](#), [fake accounts](#), [fake video](#), fake likes/clicks, fake comments, fake currency, fake products, fake services, fake etc., robocalls, etc.
2. **Minimal Market Forces to Prevent Purposeful Harmful Manipulation By Design:** Minimal governmental accountability enables [purposeful](#) design of addicting/manipulative [social media](#) and [video](#) services without regard to consumer/minor welfare.
3. **Minimal Cybersecurity Market Forces to Protect Consumers:** Since Internet policy matured, there are minimal market forces, or government incentives, duties, or expectations to: write secure computer code; make secure equipment, devices, [software](#), or apps, to protect American consumer welfare. Consequently, no consumer computer, device, network, or entity is safe from hacking; given that [NSA](#), [CIA](#), [DOD](#), [DOJ](#), [DHS](#), [OPM](#), [White House](#), [Google](#), [Facebook](#), [Amazon](#), [Apple](#), [Microsoft](#), [Equifax](#), [et al](#) have all been hacked; and hackers can hack [planes](#) in flight, [vehicles](#) on the road, and [ships](#) at sea.
4. **Minimal Market Forces for Consumer Online Privacy, Safety, and Security:** Since 1996 there has been a steady [erosion](#) of competitive market forces or government responsibilities to minimally protect the online privacy, safety, and security of Americans, and their children, identities, privacy, data, and property.
5. **Minimal Market Forces to Protect Minors Online:** Minimal online government accountability undermines market forces to compete for customers in the responsible curation for age appropriate content, products, services, apps, and platforms. *(Ironically and sadly, this was Congress' stated purpose in passing the 1996 Section 230 provision.)*
6. **Minimal Government Online Consumer Protection Authority:** Section 230 deters U.S. consumer protection agencies -- FTC, FCC, CPSC, FDA, CFPB, SEC, and CFTC, from getting necessary legal authority to protect Americans from Internet-originated consumer harms.
7. **Compromised Democracy Processes & Public Polarization by Design:** The integrity, civility, trustworthiness, and accountability of America's key democracy processes -- elections, news, journalism, social media, organizing, and digital advertising -- are harmed seriously by amoral authority arbitrage and minimal governmental and competitive accountability.

## III. B. 2. Internet Market Failure in Consumer Welfare in Dehumanizing Consumers

### *By Granting a Technology More Freedom, Rights and Protections, than People*

- “Interactive computer service” technology is an amoral tool; it is not inherently good or bad by itself. However, how the technology is *used or misused* by people or entities, determines if it is good or bad use or misuse.
- Section 230’s amoral authority is **inherently utopian** in presuming all civil uses of an interactive computer services are right, just, fair, and true deserving advance absolution from liability for any civil irresponsibility. This amoral authority creates a dangerous digital dichotomy where if something is done in person it may have civil liability/responsibility, but if it is done online via an “interactive computer service” it implicitly does not.
- Section 230’s amoral authority is also **inherently dehumanizing**, in personifying inanimate technology and imbuing it with importance, freedoms and rights on par with, or above, a human’s individual liberty. This law dangerously puts the principle of “tech freedom,” or liberty for technology to create artificial intelligence, augmented reality, above or ahead of individuals’ or human liberty. Liberty is among the deepest *human* needs.
- **In civil society, there is no freedom to harm others, because that undermines another’s individual liberty.**
- U.S. Internet policy falsely presumes freedom of speech is absolute, but Americans’ Constitutional right of:
  - Freedom of speech confers no freedom to defraud, slander, perjure, publicly share classified information or trade secrets, deceptively advertise, misrepresent facts on food or safety labels, or joke about terrorism in an airport security line.
  - Freedom of press confers no freedom to slander or libel.
  - Freedom of assembly confers no freedom to incite violence, riots, or sedition, or to permanently occupy public property.
  - Freedom to bear arms and defend ourselves confers no freedom to murder or to commit armed robbery or rape.
  - Individual liberty, private property, creation/innovation, and free enterprise confer no freedom to defraud or harm others.
- If it is law that technology and innovation are valued more highly to the Government than people and protecting their well being, then the Government is amorally encouraging the devaluing of human worth by de facto encouraging treating consumers as products to be tracked and influenced, lab rats to be tested and experimented on, and platform captives to be addicted and [manipulated by design](#) – with minimal regard for consumer/minor welfare.
  - This epitomizes market failure because it results in the antithesis of free market competition -- the platform is always right, *not* the customer.

### III. C. EFFECTS: Internet Market Failure in “Reduced [Competitive] Innovation”

- **There is minimal business model innovation** because existing business models for monetizing content and sharing, and ecommerce demand aggregation, are monopsonized and perfected for winner-take-all.
- **Internet policy discourages competition FOR monopsonized Internet platform markets** because the challenge for competitive innovators is to get distribution before distributors get the innovation. Everything about Internet policy favoring internet platforms, riskless innovation, and openness, heavily favors Internet incumbents’ ability to create winner-take-all network effects, anti-competitive “moats,” and other barriers to competition *for* the market in the name of “innovation.”
- **Google, Amazon and Facebook have de-fanged any disruptive innovation threat to their markets:** The cold obvious [reality](#) in Silicon Valley is any true potential startup competitive threat to the Internet incumbents are either stolen from in the non-disclosure, seed, or venture stages; domesticated via investments in the seed, venture capital, or secondary investment round; bought post IPO; crushed in the marketplace; or “Keiretsu-ed” early.
- **Extreme concentration of consumer demand by Google, Amazon, and Facebook** for info access, click-to-door ecommerce and social sharing, heavily skews innovation for roughly half of the consumer economy toward “monovation” monopoly/monopsony innovation that is incented to extend market power through extensive integrated automation, to foreclose most avenues for potential competitive attack. The result is cartelization and keiretsu behaviors where each dominant incumbent is incented to compete against lesser competitors rather than dominant adjacent platforms.
- **Only “interactive computing service” technology enjoys riskless-innovation** advantages over competitive innovation involving of other technologies. It is evident that funding, opportunity, and government policy all favor this technology over all others. [*While Section 230 is an industrial policy that has created a winner-take-all dynamic, Section 230 provides no immunity from antitrust laws.*]

### III. D. EFFECTS: Internet Market Failure in Evident “Undue Restrictions in Consumer Choice”

- **Competitive consumer choices supplanted by monopsony-driven “choice:”** Serial monopsonization of consumer demand is an intermediary bottleneck that reverse-telescopes multiple consumer choices to one or a few. In monopsony free services, top offered “consumer” choices are [not aligned](#) with consumer interests.
- **One-size-fits-all, take-it-or-leave-it, monopsony models** (Google & Facebook) that efficiently could offer more consumer customization, but don’t, by definition are “undue restrictions in consumer choice.”
- **Monopsonies’ privacy terms-of-service and privacy-policy changes are not choices, but take-it-or-leave-it dictates,** an evident “undue restriction in consumer choice.”
- **Systemic foreclosure of price competition:**
  - **Permanent Fixed Price at Zero:** Google and Facebook’s monopsonies have largely foreclosed business model competition via fixing a permanent price of zero; they ignore and resist *revealed preferences* in competitive markets for dynamic market pricing of a positive-price subscription model or a negative price model where consumers are paid for their private information. A permanent fixed price of free most favors winner-take-all network effects.
  - **No a la Carte Pricing:** In a sector that prides itself for targeted, customized, or personalized advertising, search, social, etc., why do monopsonies foreclose the opportunity for consumers to customize or personalize their chosen model and product/service offering? The ~20% of users adopting ad-blockers is a *revealed preference* for non-ad-based choices, and for identity, reputation, and children protection choices. For example, why not: fewer ads + paid; paid only; payment per transaction or time period; subscription by various usage levels/prices, or unlimited pricing; paid by a consumer-selected affinity sponsorship; or paid curated/customized content filters?
  - **No Business Pricing:** Business needs are very different from consumer demand. Google and Facebook do not recognize **the revealed preference** for different business and consumer offerings. Many businesses would be candidates for a subscription search offering so that their business and trade secrets, and business confidential information could remain secret, and so their employees could get business-objective search results only and not ads first, because in a business context searches are targeted to the users personal interests/profile, not necessarily the firm’s business profile.
- **Platform and customer choice may not be consumer choice:** Amoral authority and asymmetric accountability arbitrage invert interests and incentives. With Google/Amazon, searches do not necessarily yield the best choice for consumers, but what’s best for Google/Amazon.



# III. E. EFFECTS: Internet Market Failure in “Serious Deterioration of Quality”

- **Systemic devaluation of the measuring standard of quality of consumer welfare:** Section 230, as an inherently amoral commercial standard, de facto authorizes a online cheater’s charter, which lowers the competitively necessary level of quality of suppliers’ products and services, and consequently lowers consumers’ market expectations for quality, for: privacy, safety, security, morality-ethics, justice, fairness, and honesty.
- **Systemic repudiation of online quality control management as a consumer welfare protection process:** In contrast to offline consumer products and services that legally and competitively must compete in quality control management to win, immunized internet platforms that do the least curation and policing of their platforms, attract the most users/usage, because quality control management inhibits user/usage growth results.
- **Multiple systemic pervasive serious deteriorations in quality of consumer welfare online indicates Internet market failure:**
  - **Much less security:** Evidently, no consumer app, computer, device, network, or entity is safe from hacking; given that [NSA](#), [CIA](#), [DOD](#), [DOJ](#), [DHS](#), [OPM](#), [White House](#), [Google](#), [Facebook](#), [Amazon](#), [Apple](#), [Microsoft](#), [Equifax](#), [et al](#) have all been hacked as have [planes](#) in flight, [vehicles](#) on the road, and [ships](#) at sea.
  - **Much less privacy:** Evidently prior to 1996, Americans had a well-established, offline right to privacy based on the Fourth Amendment of the U.S. Constitution and several strong federal privacy statutes passed in [1974](#), [1974](#), [1978](#), [1984](#), [1986](#), [1988](#), [1994](#), and [1996](#). In 1996, Congress effectively set in motion an exceptional erosion of Americans’ established offline right to privacy in specially [exempted](#) and [immunized](#) Internet platforms from normal governmental accountability and consumer protection responsibilities.
  - **More harm of minors:** Evidently, the quality and capability to protect minors from predictable and known harms and age inappropriate content has skyrocketed as Section 230 immunizes Internet platforms from non-curation liability for harming minors -- as the need for [passing](#) FOSTA proved.
  - **Rampant fraud:** Evidently, the honesty and integrity of the Wild West Internet marketplace is characterized by fraud: identity theft epidemic with [17m](#) Americans identities stolen in 2017; robocalls fraud is [epidemic](#); cryptocurrency [fraud](#) is [rampant](#); and online “fakes” are epidemic: fake news, [fake ads](#), [fake accounts](#), [fake video](#), fake likes/clicks, fake comments. The Internet “conned-sumer” is the new normal.
- **Top quality brands routinely face unprecedented brand safety risks only online:** A core purpose of advertising is building and strengthening brand recognition and value. Digital advertising’s un-curated content and algorithmic automated placement has created a whole new problem of brand unsafe advertising next to content toxic to the brand. Advertisers claim digital advertising is largely unaccountable to them, the real customer.

## IV. A. SOLUTION:

### Equal Online-Offline Accountability Under the Law (Including Antitrust) End Amoral Legal Immunity from Illegality and Irresponsibility

- 1. One Communications Standard:** Establish in a new law, one unified, consumer-centric, technology-neutral, communications regulatory standard -- for 21<sup>st</sup> century, national security, public safety, and consumer protection -- since convergence means unregulated Internet communications can do everything FCC-regulated communications do.
- 2. One Equal Accountability Standard:** Establish a new 21<sup>st</sup> century U.S. communications policy and law of equal accountability under the law standard that ensures no individual, entity, or technology, is considered: immune from accountability; above the rules; or outside the law.
- 3. One Antitrust Enforcement Standard:** In the meantime, DOJ and FTC should publicly affirm that Section 230 confers no implied or real antitrust immunity for Internet platforms, or Internet freedom to act anticompetitively in any way that would be illegal if done by any other industry or technology.
- 4. One Constitutional Moral/Ethical Rule of Law Standard:** End granting permanent immunities for illegality or irresponsibility for a technology/entity that would not be granted to a person, or that grants a technology or entity the unfettered freedom or right to harm people.

### iii. Appendix 1 -- A Market Divided: U.S. Internet Policy Creates Anticompetitive Asymmetric Accountability

[White Paper](#) submitted for: U.S. DOJ Antitrust Division 3-14-18 Roundtable on Antitrust Exemptions & Immunities

#### EXECUTIVE SUMMARY

- DOJ Antitrust Division [concerns](#) about government exemptions and immunities undermining “*a well-functioning free-market economy*” and “*the unrestrained interaction of competitive forces [that] yields the best allocation of economic resources*” – are well founded.
- America’s twenty-year-old, Internet-first Industrial-policy has exempted and immunized Internet platforms from most law, regulation, and accountability that their competitors must obey. This exceptional distortion of America’s free market competition, has resulted in the upside-down antitrust outcome, where the distribution networks with the most scale, scope, reach, network effects, market power, and competition complaints in modern history, appear to be enjoying minimal antitrust scrutiny currently from the DOJ and FTC.
- This DOJ filing spotlights **the problem of anticompetitive asymmetric accountability**, where only Internet companies are exempted from: all U.S. communications law, regulation, and public responsibilities; most Federal and State regulation; and most civil liability for whatever happens on their platforms.
- Regulating similar distribution networks oppositely, massively favors regulatory arbitrage strategies over free market competition. This is especially problematic because arbitrage is generally unproductive, speculative, or parasitic activity, and not generally economic investment or real value creation.
- **What’s innovative here is a first-of-its-kind causation model for asymmetric accountability.** It shows how asymmetric game rules and playing field incents arbitrage, and generates unfair predetermined winners and losers. The causation model also shows how arbitrage distorts the process of competition and depresses growth.
- Next are the effects of encouraging regulatory arbitrage, i.e. harms to: 1) consumer welfare; 2) free market forces; 3) the process of competition from Google, Facebook, and Amazon’s bottleneck distribution control over offline supply and online demand; and 4) economic growth.
- Finally the **recommended solution is new legislation that ensures equal accountability under the law**, with one consumer centric, and technology-neutral, communications standard and one equal accountability policy; and one antitrust enforcement policy that ensures no real or implied antitrust immunity for Internet platforms.



### iii. Appendix 2 --Internet Platform Corporate Welfare and Leechonomics: *The Huge Hidden Cost (>\$1.5T) of U.S. Internet Industrial Policy -- April 16, 2018 -- [White Paper](#)*

#### EXECUTIVE SUMMARY

- This white paper's estimation of the hidden public costs of U.S. Internet industrial policy shows that Internet platforms are far from free of public costs and risks to the consumer. It also shows that Internet platforms are not predicated on free market economics, but on a pernicious policy of corporate welfare and zero-sum, parasitic policy arbitrage that fosters unproductive "leechonomics."
- The evidence here *quantifies* how the online space is not what many think it is, a free market, but a favored market, where U.S. Government policy effectively stands on scales of competition to favor winner-take-all Internet platforms over everyone else.
- This initial estimate starts an ongoing estimation process of the hidden public costs of U.S. Internet policy, by just focusing first on America's best-known, dominant Internet platforms: Amazon, Google, and Facebook, to prove that they are not really as free, or as low cost to the public, as conventional wisdom has been led to believe.
- A conservative estimate of the hidden risks and costs that U.S. Internet policy affords Amazon, Google and Facebook to non-transparently and effectively offload to the public, consumers, taxpayers, competitors and suppliers, as hidden off-ledger, unacknowledged public liabilities, is roughly \$1.5 trillion over the last two decades. That would be about \$4,900 for every American, or the equivalent of over 70% of these platforms' 1-1-2018 market cap value. In short, U.S. Internet policy causes exceptional anticompetitive distortions in the economy.
- The public-fact baseline of the hidden \$1,472b public cost estimate was: \$1,544b in Amazon, Google, Facebook total cumulative revenues and \$1,375b in total cumulative publicly booked costs; \$2,058b in combined market capitalization on 1-1-2018; and U.S. consumer spending, i.e. ~.7 of USGDP.
  - \$31b Exemption from all FCC economic & public interest regulation as pure info services [2% of cumulative revenues]
  - \$510b Riskless disruptive innovation per immunity from civil liability (Sect. 230) [33% of cumulative revenues]
  - \$755b Socialized costs of platforms' uneconomic riskless disruptions (Sect. 230) [1% of '2012-17 U.S. consumer spending]
  - \$103b Government-granted anticompetitive asymmetric accountability advantages [5% of cumulative revenues]
  - \$31b Implicit government infrastructure subsidies [2% of cumulative revenues]
  - \$42b Systemic state and local sales and property tax arbitrage [5% of Amazon's cumulative revenues]
- This is intended to be an initial, replicable, and conservative estimate, because it purposefully excluded the risk/cost impact of:
  - The 40 other companies in the Internet Association, most notably Uber and Airbnb, which pursued Section 230 arbitrage strategies; and
  - Disruptive: fintech, including, BitCoin, cryptocurrencies, blockchain, etc.; autonomous transportation; health-tech; robotization, AI; AR; etc.

# iii. Appendix 3 -- Supporting Research

- [Part 1:](#) The Internet Association Proves Extreme U.S. Internet Market Concentration [6-15-17]
- [Part 2:](#) Why US Antitrust Non-Enforcement Produces Online Winner-Take-All Platforms [6-22-17]
- [Part 3:](#) Why Aren't Google Amazon & Facebook's Winner-Take-All Networks Neutral? [7-11-17]
- [Part 4:](#) How the Google-Facebook Ad Cartel Harms Advertisers, Publishers & Consumers [7-20-17]
- [Part 5:](#) Why Amazon and Google Are Two Peas from the Same Monopolist Pod [7-25-17]
- [Part 6:](#) Google-Facebook Ad Cartel's Collusion Crushing Competition Comprehensively [8-1-17]
- [Part 7:](#) How the Internet Cartel Won the Internet and The Internet Competition Myth [8-9-17]
- [Part 8:](#) Debunking Edge Competition Myth Predicate in FCC Title II Broadband Order [8-21-17]
- [Part 9:](#) Power of Facebook, Google & Amazon Is Issue for Left & Right; BuzzFeed Op-Ed [9-7-17]
- [Part 10:](#) Google Amazon & Facebook's Section 230 Immunity Destructive Double Standard [9-18-17]
- [Part 11:](#) Online-Offline Asymmetric Regulation Is Winner-Take-All Government Policy [9-22-17]
- [Part 12:](#) CDA Section 230's Asymmetric Accountability Produces Predictable Problems [10-3-17]
- [Part 13:](#) Asymmetric Absurdity in Communications Law & Regulation [10-12-17]
- [Part 14:](#) Google's Government Influence Nixed Competition for Winner-Take All Results [10-25-17]
- [Part 15:](#) Google Amazon & Facebook are Standard Monopoly Distribution Networks [11-10-17]
- [Part 16:](#) Net Neutrality's Masters of Misdirection [11-28-17]
- [Part 17:](#) America's Antitrust Enforcement Credibility Crisis – White Paper [12-12-17]
- [Part 18:](#) The U.S. Internet Isn't a Free Market or Competitive It's Industrial Policy [1-4-18]
- [Part 19:](#) Remedy for the Government-Sanctioned Monopolies: Google Facebook Amazon [1-17-18]
- [Part 20:](#) America Needs a Consumer-First Internet Policy, Not Tech-First [1-24-18]
- [Part 21:](#) How U.S. Internet Policy Sabotages America's National Security [2-9-18]
- [Part 22:](#) Google's Chrome Ad Blocker Shows Why Ungoverned Shouldn't Govern Others [2-21-18]
- [Part 23:](#) The Beginning of the End of America's Bad "No Rules" Internet Policy [3-2-18]
- [Part 24:](#) Unregulated Google Facebook Amazon Want Their Competitors Utility Regulated [3-7-18]
- [Part 25:](#) US Internet Policy's Anticompetitive Asymmetric Accountability - DOJ Filing [3-14-18]
- [Part 26:](#) Congress Learns Section 230 Is Linchpin of Internet Platform Unaccountability [3-22-18]
- [Part 27:](#) Facebook Fiasco Is Exactly What US Internet Law Incentives Protects & Produces [3-26-18]
- [Part 28:](#) How Did Americans Lose Their Right to Privacy? [4-4-18]
- [Part 29:](#) The Huge Hidden Public Costs (>\$1.5T) of U.S. Internet Industrial Policy [4-15-18]
- [Part 30:](#) Rejecting Google School of No-Antitrust Fake Consumer Welfare Standard [4-20-18]
- [Part 31:](#) Why New FTC Will Be a Responsibility Reckoning for Google Facebook Amazon [4-27-18]
- [Part 32:](#) New FTC Faces Same Unfair Competition Problem with Google Amazon Facebook [5-6-18]
- [Part 33:](#) The U.S. Needs Network Reality Policy [5-15-18]
- [Part 34:](#) "How Did Google Get So Big?" Lax Bush & Obama FTC Antitrust Enforcement [5-23-18]

### iii. Appendix 4 – BIO of Scott Cleland, President, Precursor® LLC

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- Scott Cleland is a proven thought leader and a leading Internet competition and policy expert. He was the first analyst to foresee: that Google would become an increasingly problematic global monopoly; that Google and Facebook abruptly stopped competing with each other in 2014 and evidently divided up the digital advertising market into a de facto digital ad cartel; and that utopian Internet policy's amoral authority and asymmetric accountability is the root cause of many of America's competition, economic growth, consumer protection, privacy, and security problems.
- Cleland has testified seven times before the Senate and House Antitrust Subcommittees on antitrust matters. Overall, eight different congressional subcommittees have sought his expert testimony a total of sixteen times. He served as Deputy U.S. Coordinator for International Communications & Information Policy in the George H. W. Bush Administration. And when he served as an investment analyst, *Institutional Investor* twice ranked him the #1 independent analyst in communications.
- He is President of [Precursor LLC](#), an internetization consultancy specializing in how the Internet and Internet policy affects consumers, competition, markets, and the economy -- for Fortune 500 companies, some of which are competitors to Internet platforms. He is also Chairman of NetCompetition, a pro-competition e-forum supported by broadband interests.
- Cleland authors the widely-read [www.PrecursorBlog.com](http://www.PrecursorBlog.com); and publishes [www.Googleopoly.net](http://www.Googleopoly.net). He also authored the [book](#): "*Search & Destroy: Why You Can't Trust Google Inc.*"