



The Daily Dish

S'more Wisdom on Big Tech

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Eakinomics: S'more Wisdom on Big Tech

Sometimes Congress is just like a wagon train of yesteryear. Each night around the campfire stories were repeated until they became received wisdom and fact, regardless of their true origins. This year's campfire favorite is the nature of competition among digital platforms. It begins with a little jargon: "Have you heard the one about network effects?" Network effects are the phenomenon of a product becoming more valuable as more people use it; namely the more users on a digital platform, the more value for existing and new users because they can connect with more people. (Advertisers like this as well.) It then continues with the assertion that this steadily damages competition because more and more people become captive on the largest platforms. And it finishes with a fancy fix to the putative lack of competition: interoperability.

The only problem is that it is all wrong.

As Juan Londoño points out in his [discussion](#) of the issue, advocating for mandatory interoperability - the ability for platforms to communicate and exchange information with each other - reveals a misunderstanding of the nature of competition among platforms. "But competition among platforms cannot be measured only by the number of active users; this method ignores other relevant metrics of competition in the digital space, such as screen time and engagement. It is one thing to get a user to sign up to a platform, but to attract advertisers and investors, platforms must maintain their relevancy and engagement among users. Further, competition for users on various online services, including social media, is not a zero-sum game. It is not necessary to deactivate an account on one platform in order to sign up for another, and it is quite common for a single user to use multiple services."

Interoperability might make it easier to move among platforms, but it won't do anything for competition if I've already signed up for all of them. Indeed, interoperability might be a trait

that consumers value and no mandate will be necessary for it to emerge in the market. Londoño points out that Facebook and Instagram have a form of interoperability right now, and “Apple, Microsoft, Google, Facebook, and Twitter have currently partnered in the [Data Transfer Project](#) (DTP), an open-source initiative looking to create a ‘service-to-service data portability platform so that all individuals across the web could easily move their data between online service providers whenever they want.’”

Indeed, there are questions about other concerns such as privacy that make interoperability more complex than it might initially appear. As you might imagine, I receive vigorous responses to tweets about Eakinomics (all praise, to be sure). If an interoperability mandate allowed me to move all my content seamlessly to Facebook, I would also be moving all those replies - which are the content of someone else. It is a pretty big invasion of privacy to have someone moving your content to a new platform.

So, as you savor the (dumpster) fire at the next big tech hearing, ignore the fairy tale of network effects and the magic of interoperability mandates. Have a s’more instead.