

1 have absolutely pursued this back in Europe at the
2 time of the Microsoft case, there was a big debate at
3 the time from Microsoft, and I'm talking about the
4 server case, about being expropriated by intervention.
5 Our intellectual property is being expropriated.
6 There will be a reduction in our incentive to
7 innovate, which was the response what about the
8 overall incentive to innovate, what about implications
9 for competition and the overall effect on innovation
10 in its totality.

11 So I think that it is fair to say that we do
12 not see any abuse around introduction of innovation.
13 There is no notion of an exclusionary innovation.
14 There is a notion that what is problematic is conduct
15 around innovation that may be tilting the playing
16 field. And certainly in Google Shopping the concern
17 was the discriminatory sort of way in which some of
18 the new features of the product appeared to have been
19 introduced is the objection that really carried weight
20 in Europe.

21 So this is the first, I think, misconception
22 that needs to be cleared up. We certainly pursue
23 consumer welfare, and we see innovation as being
24 central to that.

25 The second misconception is that somehow we

1 don't know our economics in Europe. We're a little
2 bit fluffy, we do these kind of theories of harm that
3 are a little fluffy, and we don't really do them in a
4 tight way. We need to go back to school. Well, this
5 is an insult, because, you know, although there may be
6 some question around some of these theories, I think
7 that it is absolutely clear that any one of the
8 concerns that have been pursued in these cases as
9 being -- and can be expressed in a very standard,
10 Chicago-type model, dotting all the Is and crossing
11 all the Ts.

12 There's has been a lot of academic work
13 supporting, for example in the Android case, notions
14 of dynamic exclusion, dynamic foreclosure. There are
15 models that show static foreclosure. So I think this
16 is also sort of some notion that we do things because
17 we like strange ideas like self-preferencing is a
18 caricature of how things are really.

19 The next point, and I'll try and be brief,
20 is, of course, this doesn't mean that the tool that
21 we use has no limitations. There are significant
22 limitations, particularly in thinking about Article
23 102 to pursue -- to pursue conduct in the case of
24 dominant firm. One -- and it will appear surprising
25 to some of you perhaps in light of the previous

1 discussion on the Microsoft case, is, in fact, the
2 Microsoft legacy in Europe.

3 And when I say that, it is very much the
4 Microsoft server case that I'm talking about. The
5 reason is that good as that case absolutely was, it
6 has embedded and established a precedent which is the
7 one that everyone in Europe, but certainly the
8 European Commission, is very favorable to, the notion
9 that you build an anticompetitive story around
10 leveraging and around tying. And so every single one
11 of these stories ends up being fashioned as a tying
12 story.

13 And, now, this may well have merit in the
14 case of Android, I think it does. In the case of
15 shopping, I think it's a bit of forcing the discussion
16 to describe that as a tie and see that there's a tie,
17 this type of vertical foreclosure case. But, you
18 know, what it means is that it may be a bit of a
19 straightjacket when we think about cases, because it
20 means that everything needs to be fashioned in that
21 way, things couldn't get off the ground if they don't
22 have that structure. And that doesn't capture the
23 totality of the cases that we may be worried about or
24 tied to the circumstances that we maybe sort of faced.

25 Second limitation, which I think is very,

1 well, you know, capable is enough, and uncertainty is
2 less of an obstacle to antitrust enforcement.

3 MS. COPPOLA: Thank you, Nicolas.

4 We have some questions from the audience
5 that I think are relevant, in particular for Nick, but
6 others should feel free to weigh in. And one is, how
7 serious of a consumer harm is it when the consumer
8 simply has to download a different search engine?
9 They have the benefit of preinstalled and they can
10 still choose a different one.

11 So this is getting at some aspects of the
12 Android case, obviously, not the entire case, but a
13 piece of it. So maybe, Nick, if you'd like to respond
14 to that.

15 MR. ECONOMIDES: Sure.

16 MS. COPPOLA: And maybe I'll ask the other
17 panelists to think a little bit about remedial
18 challenges in some of these digital platform cases and
19 we can have a discussion about that.

20 MR. ECONOMIDES: Sure. Well, first of all,
21 I should have said it from the beginning that I don't
22 have any particular company or entity that I work for
23 except NYU, and these are the only people who are
24 paying me to do this research.

25 The second thing I was going to say is that

1 I said the word "snookered" about the FTC. I didn't
2 say the word "captured." That's something that I
3 don't want to say. This is more onerous implications
4 which I don't want to get involved with, and I don't
5 really believe it.

6 Coming down to this question, I am old
7 enough to remember exactly the same defense by
8 Microsoft when there was the issue that Internet
9 Explorer was inside Windows and, you know, was that an
10 advantage to Microsoft or not. And Microsoft would
11 say, look, I mean, it takes one minute to download
12 Netscape and anybody can download it.

13 Whether it's as easy as people say, it's an
14 empirical question, and I think at least my feeling,
15 maybe I'm too old for cell phones, but my feeling is
16 that it's much harder to download a new browser on a
17 cell phone than it was to download a new browser under
18 Windows, or is under Windows. So it's an empirical
19 question.

20 I don't want to presume the full answer.
21 This is something that anybody who brings a case and
22 anybody who argues a case should really specifically
23 look at. But even if the harm is small there, there
24 is an issue of the consumer not having readily all the
25 alternatives and ways in which companies with very

1 large market share, over 90 percent, have written
2 exclusive deals so that other browsers are not
3 available or other search possibilities are not
4 available on cell phones.

5 MS. COPPOLA: Thanks so much. And,
6 actually, Simon wants to speak, but it is perfect
7 because I had a question. As Nick was speaking, I was
8 thinking about sort of the digital competence, the
9 technical competence that we have within our agencies.
10 You -- I know the U.K. CMA is sort of making itself
11 digitally fit for the new age. So as you comment on
12 what Nick has said, if you could bring in a little bit
13 about what your agency is doing in that respect.

14 MR. CONSTANTINE: Sure. Well, part of my
15 reason for wanting to speak was so that I didn't have
16 to answer the question of how exactly you remedy these
17 issues, because I think it's a particularly difficult
18 one and inevitably will be, you know, something you
19 have to decide on the facts of each case.

20 Going to the original question about how
21 easy or otherwise it is to download apps, I mean, I
22 think there is research that suggests that the only
23 area in which Bing has a significantly higher share
24 than Google Search is on Windows phones, where it is
25 preinstalled. And so, I mean, going to Nick's point

1 about the empirics, I mean, I think you can admit we
2 all say it's quite easy to do. You know, even small
3 amounts of friction, I think, can be shown to really
4 have quite a large impact on consumer behavior,
5 particularly when you extrapolate it and multiply it
6 across the millions of devices sold and the millions
7 of interactions that we have with these devices. So
8 that's that point.

9 I think Maria was asking about some digital
10 expertise. I think this is a key issue, as alluded to
11 earlier, about the sort of information asymmetry that
12 exists between regulators and tech companies. And one
13 of the inherently -- because all of these cases are so
14 fact-specific, you really have to get into the weeds
15 of the case, and that requires us to understand how
16 these markets work. And taking our inspiration in
17 some ways from the FTC actually and their Office of
18 Technology, we've recently appointed head of digital
19 and are forming a data and technology and analytics
20 team, which will be a sort of mix of not just the sort
21 of usual lawyers and economists that populate
22 antitrust authorities, but also data scientists,
23 analysts, and the like, and so really trying to
24 understand what the implications are of data, how we
25 can use that data ourselves, how we can better assess

1 it, and then also looking at how one might use data.

2 And this, I think, is an interesting
3 question perhaps to which to come back to in the
4 future hearings, is how we can use data actually to
5 drive better competition in the market.

6 MS. COPPOLA: Well, that's the topic of our
7 November hearing, so in case you want to come back to
8 Washington.

9 I don't know if others want to comment on
10 the remedial challenges or whether we want to turn to
11 regulation. I have a question from the audience and I
12 know we've had a few rounds of emails about
13 regulation, and so anyone want to comment on remedial
14 challenges or should we move to regulation? Okay.

15 So the question from the audience was, do
16 you need sort of an identifiable market failure in
17 order to regulate, to have ex ante regulation, and
18 what are sort of the costs and benefits as compared to
19 case-by-case enforcement? And I think hopefully
20 panelists will address that question, but also more
21 broadly, you know, what are the competition harms that
22 we're worried about that can't be addressed by
23 antitrust enforcement actions? And what would that
24 regulation look like?

25 Does anyone want to start?

1 MR. WRIGHT: I can do the first one, yes.
2 Yes, you need a market failure to have ex ante
3 regulation. I'll let my copanelists do the heavy
4 lifting on the rest.

5 MS. COPPOLA: It might be one of your
6 students that submitted the question.

7 MR. WRIGHT: I would pay them for harder
8 questions.

9 Don't do it, guys.

10 MR. ECONOMIDES: I might say that I agree
11 with Josh. I mean, this is -- when we're talking
12 about sector-specific regulation, we need -- we really
13 need to prove that antitrust doesn't work and there is
14 some sort of what we usually economists call market
15 failure. One of the areas in which it seems that
16 there is a market failure and antitrust cannot fix the
17 problem is in the collection of data by companies such
18 as Facebook or Google or others, without payment. So
19 usually you would expect when some exchange happens
20 that there is actually a price, but here the price is
21 -- has been set to zero.

22 So in my book that counts as a market
23 failure, and, there, we need to think seriously about
24 how to regulate that market and even create the
25 possibility of a real market there in which money

1 changes hands.

2 MS. COPPOLA: Thanks very much.

3 Cristina.

4 MS. CAFFARA: I am happy to jump in. Well,
5 I would like again to give a sense for what is the
6 broader debate which is taking place in Europe now. I
7 think the question of whether we need to just -- we
8 need to default to regulation on how we think about
9 regulation in the event that we decide that the
10 antitrust tool isn't sufficient I think is not quite
11 well put.

12 I think in Europe the debate at the moment
13 is very broad and very live about how we need to think
14 in a holistic sense about all of these tools and not
15 necessarily think about them sequentially or
16 separately. The initial discussion was, of course,
17 like everywhere, do we have the right tools in
18 antitrust and how should we somewhat sharpen them,
19 adapt them in this new world. And, you know, the
20 standard answer that you got until fairly recently
21 was, we just have the tools. We have all of the
22 tools, we just need to prime and populate. And don't
23 lose your head, there's nothing to see.

24 And I think that that kind of certainty has
25 become quite shaken by the notion that we observe

1 phenomena. I mentioned earlier that we are
2 questioning, why don't we see this kind of thing, a
3 seamless world of overtaking and leapfrogging, and why
4 don't we see these kind of phenomena sort of out
5 there.

6 So there is a sense that a broader approach
7 is needed, and this is not sort of a populist,
8 extremist fringe that takes this view. This is kind
9 of mainstream at the moment in Europe, Jean Tirole
10 just mentioned someone whose credentials are obvious,
11 and Nobel Prize has been talking about the necessity
12 to rethink a bit the approach in these cases. He's
13 talking about participative antitrust as a potential
14 way to think about it. So no longer sort of a
15 prosecutorial but a way in which perhaps companies
16 could sit together and can come together and address
17 some of the issues.

18 There are bodies of very respected orthodox
19 academics in Europe, economists and lawyers, thinking
20 about how indeed the tool needs to be significantly
21 abated. In Germany, you have this next-level
22 antitrust paper. You may or may not agree, but this
23 is very influential in the way we think about it.
24 There is the group of people advising the European
25 Commissioner saying we just need to be less insular in

1 the way we think about antitrust because we are kind
2 of constantly thinking about, do we have the tools,
3 can we sharpen them a little bit, we need to stop
4 thinking of what the issues are and then thinking
5 again about what the best tools are.

6 Now, and then, of course, as you mentioned,
7 there is, in fact, you know, an additional point. The
8 U.K. Treasury has launched a digital platform
9 initiative just to again try to identify the big
10 questions before we really think about the use of the
11 tools.

12 So I think as the initiative or regulation
13 is trundling through the European Parliament, there
14 are various regulatory initiatives at the national
15 level. And I think that that is certainly going to
16 our head. It is going to fill any vacuum that
17 antitrust enforcement needs. One of the models that,
18 you know, you hear people talking about is, well,
19 we've been dealing with, with telecom company in the
20 past, we've adopted an end-to-end interconnectivity
21 approach, in which we mandated number portability, we
22 mandated all sorts of axis regimes, and that's what
23 we've done. Why can't we find an equivalent in this
24 world? I think this is more than a question of
25 detail. It's very important. But just to say that I

1 think that discussion about instrument mix is super-
2 live in Europe, and it isn't just about fiddling at
3 the edges with antitrust. It is a broader and more
4 ambitious sort of...

5 MS. COPPOLA: It's interesting to think
6 about why some of the discussions in Europe are
7 different from those here, and whether there's kind of
8 a more openness to regulation. The discussion about
9 different tools had me thinking a little bit about the
10 U.K.'s power in their sector inquiries.

11 Do you want to weigh in on that at all, what
12 that might look like for digital platforms or how your
13 experience might inform this kind of multidisciplinary
14 approach?

15 MR. CONSTANTINE: Yes, I mean, we in the
16 U.K. have the benefit of sector market study powers
17 that not only allow us to look across a sector as a
18 whole, where the market may not be functioning well,
19 but also at the end of it allows us to impose
20 remedies, orders that are quasi-regulatory remedies.
21 And I think in this sort of circumstance, that can be
22 a very powerful tool.

23 Both Nick and Josh talked about the need for
24 a market failure. I mean, I agree, and the markets
25 tool, I think, can achieve that. It's a two-year

1 investigation that really looks to understand how the
2 market is operating, what are the factors that are
3 driving the assessment -- the way in which competition
4 is operating. And that -- so that allows you to look
5 at competition issues; it allows you to look at
6 consumer issues and then not have to try and shoehorn
7 things in through the very tight antitrust lens.

8 One might see in a recent banking study we
9 looked at where previous attempts to sort of make
10 switching easier and the like haven't necessarily
11 worked, so we looked at the market again and actually
12 have there introduced a remedy which brought forward
13 what's known as open banking, which is about allowing
14 people to port their data, their financial data from
15 one bank to another and engender competition that way.

16 So I think it allows you really take this
17 detailed look at a market based on the evidence to
18 address it and thereby put in regulation that's really
19 sort of tailored to exactly the harms you're trying to
20 get at.

21 MS. COPPOLA: Thanks, Simon.

22 You know, the discussion we had earlier on
23 intra- versus interplatform, I was thinking about the
24 question a little bit from a slightly different
25 perspective. And that is should we in the U.S. be

1 more concerned about intraplatform competition? I
2 keep hearing, say, well, you're this concerned about
3 interplatform but I guess there's a different
4 question, which is is the U.S. sufficiently -- do we
5 pay sufficient attention to intraplatform competition?

6 Does anyone want to take that on? Yes.

7 MR. PETIT: So, yeah, just to come back on,
8 you know, the previous points which haven't been made
9 about what agencies should do in situations of
10 uncertainty, I think what they should do is, you know,
11 have a set of first principles to think about in
12 certain markets. And I think one of those first
13 principles is to say, well, you know, we are going to
14 go to these markets if we see there is not enough
15 interplatform competition. We're going to look into
16 intraplatform competition, sort of, you know, kind of
17 reasoning that we've had in vertical restraints, in
18 Europe at least, for a long time.

19 And so your analysis of intraplatform
20 competition becomes important and the scrutiny becomes
21 important if you feel that a market doesn't have
22 sufficient degree of interplatform competition. And
23 on that, it's often sort of, you know, difficult to
24 make that preliminary assessment because the question
25 is what is the platform you're talking about?

1 So for instance if you take the
2 Google/Android case you could say, well, you know, the
3 platform is search and there is not enough competition
4 because Google has, you know, between 90 and 100
5 percent market share. But at the same time, you can
6 only come to that reasoning if you've excluded from
7 your analysis Apple and its closed ecosystem from the
8 analysis. And you could say, you know, Apple's siloed
9 ecosystem is also a platform which competes with the
10 platform of Google, which is search plus Android.

11 So it is a first question to ask. It's not
12 an easy question. Sometimes I think the tool of
13 antitrust, like market def, can be misleading in that
14 assessment.

15 MR. ECONOMIDES: I was going to say that,
16 you know, an interesting issue of intraplatform
17 competition could arise in the distribution of -- the
18 distribution that is now dominated by Amazon when you
19 have some sellers that are selling directly to
20 consumers and also selling through Amazon. So there,
21 there is at least a possibility of anticompetitive
22 effects in intraplatform competition. But, again, I
23 haven't studied this so I'm just discussing a
24 possibility of a platform where this might be looked
25 at.

1 MS. COPPOLA: Thank you.

2 We've got a couple of questions here from
3 the audience, and I am also conscious that time is
4 ticking and we're at the end of the day. So I'm going
5 to ask both the questions at the same time. And when
6 you think about your responses, also feel free to
7 respond to the questions that have just been posed
8 prior to this.

9 So one of them is, essentially, even if
10 there's not specific cases, you know, are we seeing at
11 least in terms of rhetoric a return to an ordo-liberal
12 or structural approach to antitrust in Europe.
13 Cristina is raising her eyebrows, so I have a feeling
14 she may go first on that.

15 And the other one is, the panelists have
16 been asked to look ten years ahead and consider
17 emerging technology, so algorithm AI, big data, et
18 cetera, et cetera. Can you comment on these new
19 theories of harm on the U.S. and the E.U. and the
20 outlook for these? And I suppose thinking in
21 particular about platforms. That's quite a tall
22 order, so hopefully a couple of you can rise to the
23 occasion, but I understand if not everybody wants to.

24 So, Cristina, do you want to mention
25 anything on the ordo-liberal question?

1 MS. CAFFARA: Well, I feel called to respond
2 to this. Well, look, I mean, of course, there has
3 been a history in Europe in which the sort of
4 traditional German ordo-liberal position has been in
5 effect looked at as somewhat of an oddity in the sense
6 that there's sort of the drive towards adoption of
7 consumer welfare, which has been overwhelming across
8 all other jurisdictions as being the prevailing one.

9 And in all of this, the German position,
10 although it has been influential in shaping
11 competition law in Europe in its beginnings, has
12 inevitably -- had lost a little bit of traction and
13 indeed was not center stage. At this point, there are
14 voices that say in this discussion in which we are
15 worrying about these large giant companies, is it the
16 case that we are seeing the ordo-liberal position kind
17 of rearing its head again.

18 Well, I suppose if you are in Germany, you
19 can feel quite vindicated by that discussion and take
20 the view that somehow this sort of investigation of
21 Facebook is not something that is so eccentric after
22 all. I think that is sort of the more sober way of
23 thinking about it is that we worry about a number of
24 things, and size is one of them, because it is not
25 size, per se, but it is the fact that we don't see,

1 once size has been achieved, a great deal of dynamism
2 in the sense of challenging perhaps that kind of large
3 established position.

4 And it's going back to what I was saying
5 earlier. There is no sense that there is, at the
6 moment, any leapfrogging likely or any sort of change
7 in that sort of -- in that market structure that's
8 before us. So it's that which is -- is that sort of
9 an ordo-liberal principle? No, it's that we are
10 worried about what we see, size and the fact that
11 there is clearly a number of -- a limited number of
12 large players controlling attention in very limited
13 channels.

14 It raises a question, a question that we
15 need to address, not a return to ordo-liberalism, but
16 taking just the questions we need to address.

17 MS. COPPOLA: Well, I've just had another
18 question come in, that's probably slightly more
19 nuanced. If you have the structural ordo-liberal
20 approach and then you have the effects, the question
21 is that the panelists, both this panel, previous panel
22 have sort of observed is that European enforcers might
23 be more willing to or more comfortable facing
24 enforcement on likely effects. I mean, certainly, the
25 case law allows them to, and they may have greater

1 comport doing that, whereas in the U.S. typically we
2 focus on actual effects. And the question is which
3 approach is better for digital platforms?

4 Would anyone like to comment on that? Nick?

5 MR. PETIT: Yeah, so, again, on first
6 principles, I think there's no reason to exclude as a
7 principle the ability for the agency to advance on a
8 capability or likely effects theory. But if you do
9 that, you need to -- so the first principle is you
10 need to provide symmetry to the defendant. And so you
11 need to -- so if you are -- if you are in the game
12 where you are saying the effects are uncertain but we
13 go for it, and this is -- you know, this is
14 probabilistic, as was said before, well, then, you
15 should allow the defendant to also say that there is
16 competition but it's probabilistic, so it's going to
17 hit somewhere, right?

18 We heard before people say, well, it's all
19 make-believe, that, you know, those guys say, we have
20 competitors but we don't know them. Well, maybe it's
21 not. I mean, Schumpeter has written about that, you
22 know, competition felt, the intensity of competition
23 that you can't locate in a market, but it might be
24 there somewhere.

25 And so I think when we think about its

1 likely effects, we also need to provide the defendant
2 symmetry to advance probabilistic competition as a
3 defense.

4 MS. COPPOLA: Thank you.

5 Simon, I'll ask you to weigh in, and then I
6 think starting at the end with Josh, I'll ask
7 everybody to give their closing remarks in addressing
8 that ten years ahead question, if possible.

9 Go ahead, Simon.

10 MR. CONSTANTINE: Very good. Well, I will
11 combine your third question and the ten years ahead
12 one, and so this can be my closing as necessary. But
13 I sort of think of this through the mergers lens is an
14 interesting way of looking at it. And I caveat this
15 with the statement that, you know, I consider it a
16 success to have made it to the end of the day, so
17 looking ten years ahead I find quite difficult.

18 But sort of that aside, I think when -- I
19 don't think when we're looking at, say, a merger of --
20 involving the acquisition of a startup, we know
21 there's going to be a lot of discussion about that
22 tomorrow. You know, inevitably, there is going to be
23 a degree of uncertainty as to what the future might
24 hold, both with and absent the merger.

25 And I think -- I do wonder whether sort of

1 over time we have worried too much about over-
2 enforcement, particularly if you have a number of
3 potential theories of harm, each of which is
4 relatively low likelihood, but, you know, the
5 likelihood of one of them happening is rather higher,
6 and if it does, it's a very significant effect.

7 And I think the other thing about mergers,
8 and it goes to the second question about looking
9 ten years ahead, is that we see two aspects. One is
10 the -- what was described yesterday as horizontal
11 expansion, so this is sort of really the stretching
12 out of the platforms into new markets. There's a lot
13 of talk about Fintech at the moment and how we can see
14 the traditional banks using new technology. Well, one
15 can equally switch around to Techfin and see how it's
16 the traditional tech companies suddenly seeing that
17 there's a potential financial services market.

18 And the other element of that, I think, is
19 when you look at where is the innovation happening.
20 And, you know, when you have increasingly sort of the
21 centers of innovation, the innovation poles, all being
22 located within a smaller and smaller number of
23 companies, then I think you do have to wonder how the
24 sort of Schumpeterian competition or whatever you want
25 to call it, where, in fact, that's going to come from.

1 MS. COPPOLA: Thank you.

2 Josh. We'll just go down the table, yeah.

3 MR. WRIGHT: I'll go quick. I'm frankly not
4 totally positive this will answer the question, but
5 it's the thing I want to say at the end, so I'm going
6 to say it. So I think the principles and getting into
7 these cases where we kind of test the limits of our
8 predictive powers at the agency, whether that's two
9 years, five years, ten years, or what have you, there
10 are a couple of different ways to approach that
11 conceptually.

12 And one is we could, I mean, we could stack
13 theories of harm and sort of add up the probabilities,
14 but the defendant's got theories of efficiencies, too,
15 and if we stack them, we have two events with the
16 probability of one and that's hard math. So I think
17 the better approach is when we don't know, when we
18 have these theories and we sort of don't know and we
19 find ourselves with big confidence intervals around
20 our guesses, you know, one thing that the agency and I
21 think the FTC is uniquely situated to do, is to try to
22 participate in competition policy R&D, go out and
23 identify important questions.

24 There's a bunch of young IO and labor
25 economists around the world who need stuff to work on,

1 and these are important questions where the theory to
2 empiric ratio was, like, infinite. And I think that's
3 -- that means there's sort of fun and important work
4 to do, and people ought to do it, and I think the FTC
5 or competition agencies around the world identifying
6 it as an important area is a really important thing
7 that those agency can do.

8 MS. COPPOLA: I hear a lot of Bill Kovacic
9 in those remarks, and I applaud them. Okay.

10 MR. ECONOMIDES: Can I say something about
11 the ten-year prediction?

12 MS. COPPOLA: Sure.

13 MR. ECONOMIDES: After all, it's the end, so
14 I might as well make a prediction. I think that if we
15 look at platforms, we have to look at the sectors that
16 have stayed behind and that are the most likely to
17 convert to platforms. And these are the health
18 sector, banks, payment systems, part of the banking
19 world, and currencies. So within ten years, I'm
20 pretty sure that all of these are going to become
21 platforms, going to be transformed by platforms, and
22 the companies that will not be able to get in, I mean,
23 to transform themselves, are going to have a very hard
24 time.

25 Let me say one last thing about it. And

1 that's I'm probably the most sure thing I am, is that
2 the labor share of GDP is going to become smaller
3 because platforms use less labor. So this is
4 important. It is going to show up again and again.
5 It is going to show up first in the United States,
6 because platforms are very, very important here, and
7 we have to think of ways to -- we have to think of the
8 social consequence of this and ways to alleviate it.
9 Thank you.

10 MS. COPPOLA: Thank you.

11 Nicolas.

12 MR. PETIT: Yes, so ten years from now, what
13 we're going to see, I know what I'm seeing today is
14 mushrooming of new theories of liability like copycat
15 innovation or acquisition for infanticide, also called
16 the Kronos effect by some after, you know, the Greek
17 titan who had this oracle prediction that he would be
18 -- he would be killed by his son, so he basically ate
19 all his sons. So we are reading those the claims in
20 essays, newspapers. The press is an abundant purveyor
21 of those theories.

22 And, you know, like Josh said, I think all
23 that is science fiction for now. We'd like to
24 probably promote some competition R&D in that space
25 and try to understand a little better before we jump

1 into the sort of Nostradamic predictions that the
2 press advances. You know that all too well. I mean,
3 you know, good news don't sell, so why not throw in
4 there some theories of liability and harm and, you
5 know, just get away with it.

6 So I think we need to put economists and
7 data scientists in a room and have them to look into
8 that seriously.

9 MS. COPPOLA: Thank you very much.
10 Cristina.

11 MS. CAFFARA: Well, we are out of time, so I
12 will not assault any predictions on the next ten
13 years. I'll just say a couple of words on one of the
14 last questions that was put, this notion again, which
15 is coming up from the audience that somehow, and I
16 don't accept it as a characterization that is popular,
17 you know, the U.S. looks at actual effects and we in
18 Europe somehow speculate. And that is something which
19 I find a little bit, again, a caricature.

20 Relative, too, for example, the panel we had
21 earlier, if you think about very much what was
22 discussed on the panel, a very clear discussion about
23 Doug Melamed, Susan Creighton, very clear, that what
24 was at stake at the time was a prediction that
25 effectively the conduct of -- that was being looked at

1 was going to in prospective terms, in probabilistic
2 terms, be likely to undermine innovation, which is
3 what we care about.

4 So exactly why are we not seeing that this
5 sort of analysis has got to have some element of
6 probabilistic view, that more competition tends to
7 mean more innovation? I don't think it's eccentric.
8 So I would just invite that as a reflection and indeed
9 end up on what I think is something we can all agree
10 on, which is Bill Kovacic's invitation to do more R&D
11 in this space is absolutely the best way to end.

12 MS. COPPOLA: Thank you, Cristina. And
13 thank you to all of the panelists, a number of whom
14 came from very, very far to participate in these
15 hearings. We are enormously grateful, having your
16 participation in person is so meaningful. So thank
17 you very much, and if all of you would join me in
18 thanking the panelists.

19 (Applause.)

20 (End of Panel 4.)

21 (End of Hearing 1.)

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