‘The winner takes it all!’

Can cultural professionals and SMEs co-exist with digital giants?

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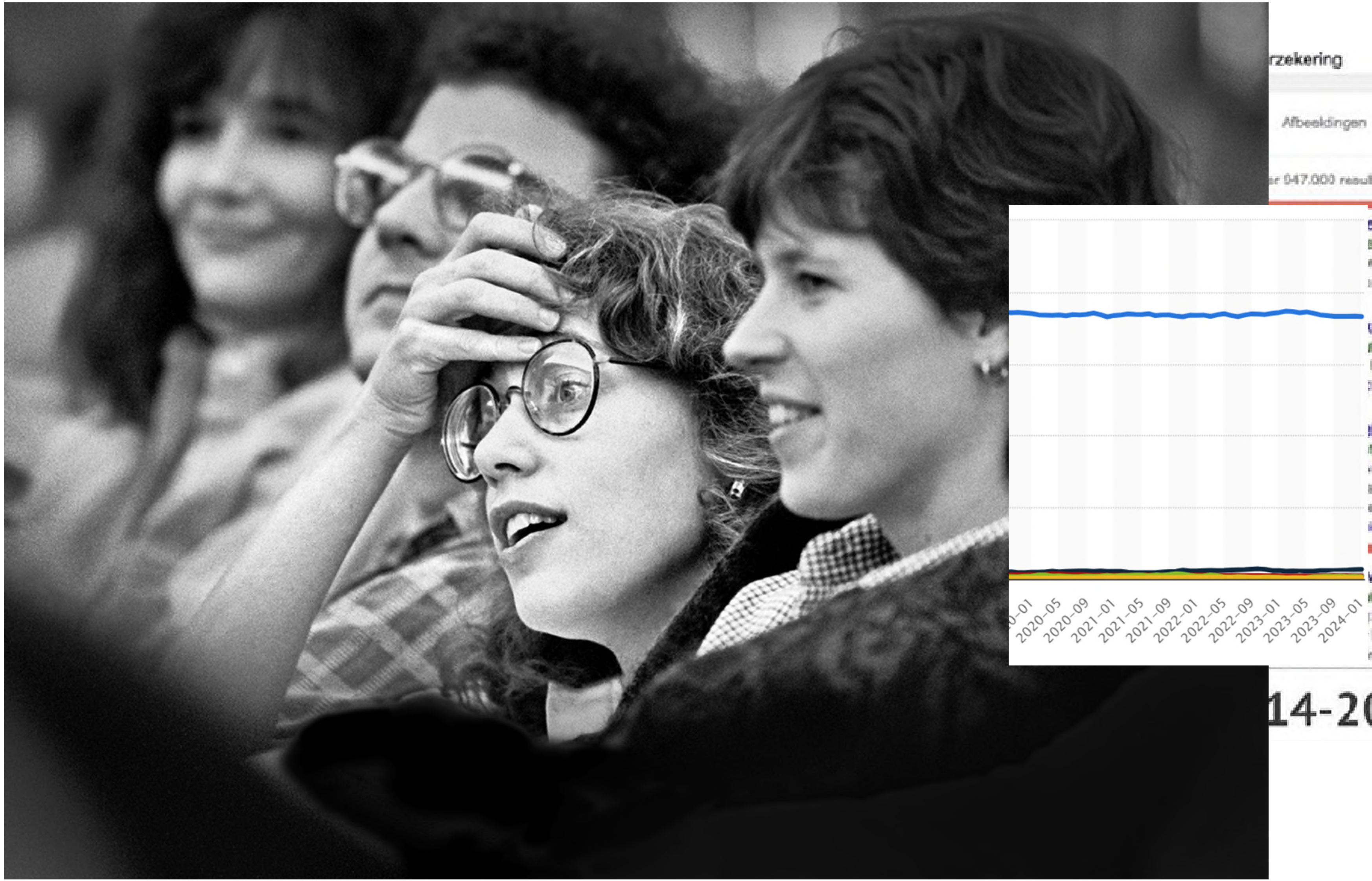
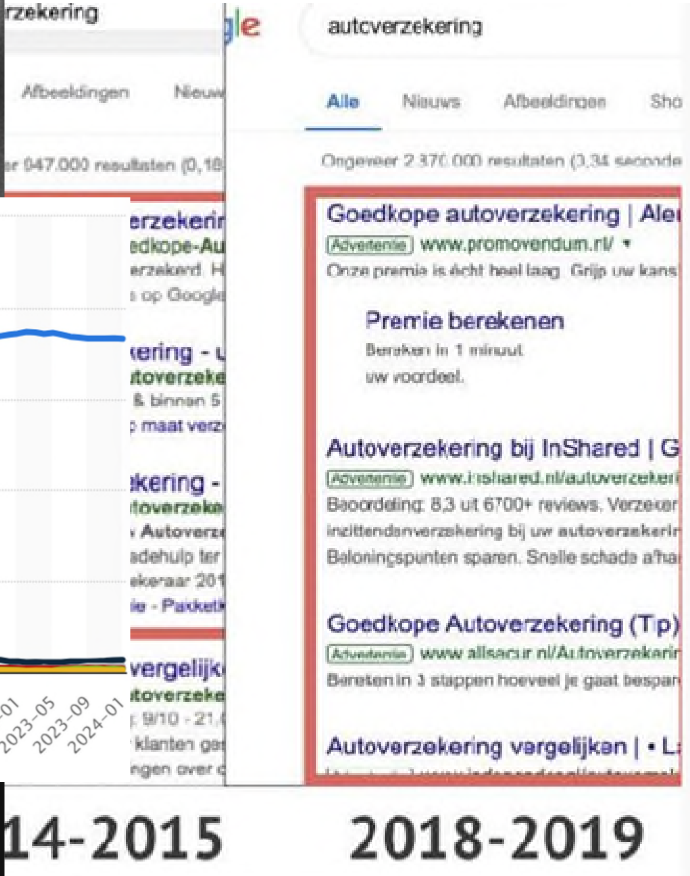
Big Tech: Two very different periods





Lesson # 1

- Beware of (some) economists: theory ≠ practice

Many questions and first answers

- Merit or else?
- Mergers: ~~1000/0~~ **1001/1**
- Antitrust (EU) and fines
- Speed
- Ineffective remedies
- Taxes (Apple in Ireland: **0.005%** of profits)
- …

Lesson #2

- Ex post competition policy not enough

What can policy makers do?

“Traditional” tools

Ex ante regulation (DMA/DSA): contestability and fairness

“Rebuttable structural presumption”

Break up!

Lesson #3

- Ex ante regulation a must but (probably) not enough

History of Antitrust

- Sherman Act (1890) -> Break up of Standard Oil (1911)

- Consent decree Bell Labs (1956) -> forced license of patents, royalty-free
- Break-up of AT&T (1984)
- Microsoft suit (1998, settled in 2001)

- But also:
- Paramount decision (1948) against Big Five studios, forced divestiture

Lesson #4

- Look at history
  - Competition matters
  - Antitrust can create space for startups to challenge incumbents and deliver innovation

Must look beyond

- Risk of “solutionism” (E. Morozov)
- S. Zuboff: “*Google seduces, ignores, overwhelms, or simply exhausts its adversaries. [...] People habituate to the incursion with some combination of agreement, helplessness, and resignation.*”
- We always talk about users/apps/advertisers…
- Actually… try to **forget** GAFAM. Try to **imagine** our digital future (there will be GAFAM but we do not need to depend on them).

Must look further beyond

- Data as a “collective good”: better kind of generative AI?
- Require companies that benefit from public research to share IP (conditionality, Mazzucato)
- Certification of business practices and algorithms (Lavie, Pollicino & Valletti, 2024)
- Power framework (Cowgill, Prat & Valletti 2023)

Lesson #5

- Change vantage point

Advance of technology must happen in an ecosystem where social input, democratic input and government expertise are essential part of setting the agenda for innovation

What about AI?

- Many wonders
- What about competition?
- Beware of “AI solutionism”: ~~here comes AI magic and all will be competitive again!~~
- AI needs three key inputs: data, computing power, scholars

2023 Big Tech Investments in Foundation Model Companies

Amazon invested in: **Anthropic**

Google invested in: **InAI21 Labs, Anthropic, Runway**

Microsoft invested in: **Adept, Inflection, Open AI**

NVIDIA invested in: **Adept, AI21Labs, Cohere, Inflection, Mistral, Runway**

salesforce invested in: **Anthropic, Cohere, Mistral, Runway**

ADEPT backed by: **Microsoft, Nvidia**

ANTHROP\C backed by: **Amazon, Google, Salesforce**

Inflection backed by: **Google, Microsoft, Nvidia**

OpenAI backed by: **Microsoft**

AI21 labs backed by: **Google, Nvidia**

cohere backed by: **Nvidia, Salesforce**

MISTRAL AI_ backed by: **Nvidia, Salesforce**

runway backed by: **Google, Nvidia, Salesforce**

Battles ahead

Threats

- Same old school ("competition policy is a side dish")
- Concentration of gen AI capabilities in US will only increase IP/data/ services dependency
- (Further) redistribution of power/ income away from content creators
- "AI factories", "AI Continent"

Opportunities

- Think of citizens, workers, communities. E.g. Penguin Random House/Simon & Shuster
- Resist Panglossian narrative (we live in best of possible worlds, there's no alternative)
- Draghi report and new Parliament/ Commission: industrial policy, but for whom & to whom?

Thanks a lot!