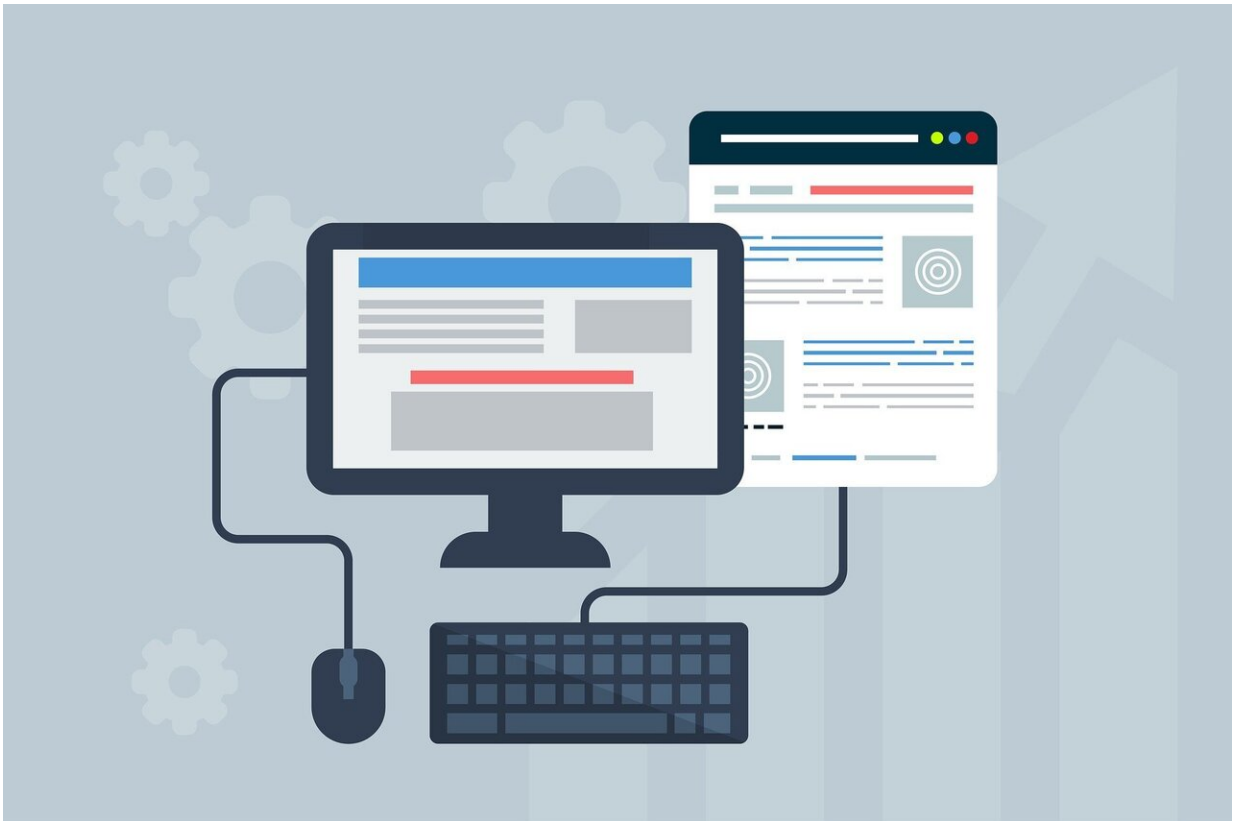# How much regulation is too much on the tech industry?

February 23 2021, by Mike Fricano and Cheryl Cheng

Credit: Pixabay/CC0 Public Domain

As prominent figures are banned from social media platforms for posting disinformation or inflammatory remarks, technology regulation has become a hot topic of debate. Terry Kramer, an adjunct professor of

operations and technology management at the UCLA Anderson School of Management and the faculty director of the Easton Technology Management Center, studies how to achieve the right balance between advancing technology and minimizing negative consequences.

In 2012, he was appointed by President Obama to be the ambassador who would serve as the U.S. head of the delegation for the World Conference on International Telecommunications, which looked at policy regarding a free and open internet, the need to address cybersecurity threats and the need for liberalized markets to accelerate global broadband access.

Kramer's new course at Anderson, "Technology and Society," will focus on the promising applications of technology as well as the backlash against it, known as "techlash."

The debate about regulating technology and tech companies is nearly as old as the internet. What can you share about the history of these discussions?

We are living in times where technology has fundamentally changed almost all aspects of our lives. It has changed how we communicate, in areas such as social media and videoconferencing; how we understand and explore the world via internet search capabilities; how we shop, with e-commerce capabilities; and how health care is delivered. In an era of COVID-19, technology has allowed us to continue carrying on with our lives, albeit with some inconveniences. I regularly think about what our COVID-19 experience would have been like 10 years ago, without these capabilities. If we look at the impact of technology, we can find notable examples in emerging economies, where technology has allowed access to the internet and leapfrog innovation. And social networks have been a critical part of the free speech movement and have created a "free

model," allowing for connectedness in markets where the ability to pay is very low.

If we fast forward, we also see the promise of how technology can dramatically lower the cost and improve outcomes in areas such as health care, with a growing ability to provide remote care for elderly populations, to provide health care diagnostic capabilities to those who can't easily travel and to support health care providers in improving diagnostic accuracy, reducing unnecessary costs and treatment.

We see a similar story in transportation, with the promise of ride-sharing and autonomous vehicles, which could create a much more affordable source of transportation. It would also eliminate the need for people to own a car, which carries a huge economic burden, especially for low- and middle-income citizens. We also see the promise of reducing the number of auto accidents and potentially reducing our carbon footprint with a "densified" nature of transportation.

In education, there's the opportunity for lower-cost ways of educating students online, with tools utilizing artificial intelligence to better understand the personal needs of individual students.

All of these examples typify the ultimate promise of technology: better, cheaper, faster.

There's no question that we're now living in an environment with growing techlash. In addition to unease about misinformation and disinformation on social networks, there are concerns regarding the increasing scale of companies such as Google, Amazon and Microsoft; potential job losses due to automation; data privacy, especially in non-democratic nations; and, most fundamentally, digital and income inequality. These will be some of the most challenging issues during the coming years and decades.

It is within this context that we must carefully balance and enable the advantages of technology, which can improve our lives, improve our connectedness, lower the cost of critical goods and services, and improve health care against forces that can create negative externalities. Developing a critical understanding of the trade-offs is essential.

What are some misunderstandings that people have when they frame this debate?

One of the most concerning approaches is to oversimplify the problems and motivations of various actors. This results in absolutist positions, which fail to consider the delicate but essential balancing act between desired outcomes and the elimination of negative externalities. There needs to be a thoughtful understanding of societal needs; technology companies' capabilities, business model and motivations; and the desires of consumers. Without that, we aren't able to strike the right balance between advancing the use of technology for good and attempting to minimize unintended consequences.

Many technology companies demonstrate increasing returns to scale. For example, as companies develop increased scale, they can provide better diagnostic capabilities in health care and lower prices in e-commerce. Amazon has been able to create broad selection, lower prices and enhanced service based on the scale it has at a local, regional and national level. Taking an absolutist, anti-scale position could risk these critical capabilities, which continue to grow over time. This doesn't mean that scale won't be abused. Thus, there should be an active review of company behavior to see if actions are taken that are anti-competitive in nature or designed to eliminate competition, which will reduce consumer benefit.

A similar story exists in [social media](#), where oversimplification of the

problems can yield ineffective and counterproductive solutions. Social networks increasingly are being thrust into a position of making decisions about free speech. Speech that is inflammatory in nature, is racist and incites violence must be stopped. But to assume there is a clear line between appropriate and inappropriate speech would be false. Social networks must be careful to not impair the essential rights of individuals to express their views. To assume that social networks have no interest in eliminating misinformation and disinformation fails to acknowledge the actions that many are already trying to take. They're struggling with their governance and decision-making on these topics. A broader public discourse about this is key, and there should be input from regulators and public officials. But it's false to assume there is a magical answer that strikes the right balance. Business leaders shouldn't just punt important management issues to regulators, but instead seek to self-regulate wherever possible, understanding the broader needs of multiple stakeholders. In many cases, it's difficult for regulation to keep up with technology. And given the highly polarized nature of politics today, it's impractical to expect governments to find the right answer.

How will you address this debate at Anderson this spring?

My "Technology and Society" course will focus on the promising applications of technology juxtaposed against a growing techlash. This class will utilize cases on Khan Academy, Doctor on Demand and PayTM to bring to life the transformative effects of technology in areas of education, health care and financial services, respectively. It will also utilize cases on Facebook, Uber and Apple to highlight issues of misinformation and disinformation on social networks, the impact of the shared economy on workers, and data privacy issues between consumers and government.

What do you hope students learn from your class?

I hope students learn:

1. The problems and opportunities at the intersection of technology and society are complex, often forcing a reconciliation of positive impact against some negative externalities.
2. To develop a deep understanding and appreciation of the four stakeholders—customers, shareholders, employees and public officials—avoiding an absolutist, stereotypical view of key actors and acknowledging the good intentions and perspectives of each.
3. To develop a framework for decision-making amidst these opportunities, challenges and diverging interests, which can advance the needs of the organization while serving a broader set of stakeholders.

I believe these issues will represent a microcosm of what our nation is facing and highlight the important need to hear one another, understand common interests and take actions that serve our constituents, communities and society.

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