

Jon Talton / Columnist

Big Tech needs to face a Theodore Roosevelt-style trust busting

The giants of the technology sector are falling from public favor. Busting them up isn't an impossibility.

By [Jon Talton](#)

Special to The Seattle Times

Is it time to break up Big Tech? Scott Galloway, professor of marketing at New York University, thinks so. Silicon Valley and Seattle should pay attention.

Galloway is no socialist Luddite. He's a veteran entrepreneur and beneficiary of the industry. He's also author of "The Four," a penetrating book about Apple, Amazon, Facebook and Google parent Alphabet.

"The Four" also come in for most of his wrath in this bracing, mandatory [read in Esquire](#).

A few quotes to whet your appetite:

- "Having your firm weaponized by foreign adversaries to undermine our democratic election process is bad ... really bad. During the 2016 election, Russian troll pages on Facebook paid to promote approximately three thousand political ads. Fabricated content reached 126 million users. It doesn't stop there — the GRU, the Russian military-

intelligence agency, has lately taken a more bipartisan approach to sowing chaos.”

- “Big tech learned from the sins of the original gangster, Microsoft. The colossus at times appeared to feel it was above trafficking in PR campaigns and lobbyists to soften its image among the public and regulators. In contrast, the Four promote an image of youth and idealism, coupled with evangelizing the world-saving potential of technology.”

- “Unlike Microsoft, which was typecast early on as the ‘Evil Empire,’ Google, Apple, Facebook, and Amazon have combined savvy public-relations efforts with sophisticated political lobbying operations — think Oprah Winfrey crossed with the Koch brothers — to make themselves nearly immune to the scrutiny endured by Microsoft.”

- “ ... The companies’ vague, high-minded pronouncements — ‘Think Different,’ ‘Don’t Be Evil’ — provide the ultimate illusion.”

More from Jon Talton

Both predators and prey: Toys 'R' Us and iHeartMedia | Jon Talton

With bitcoin mining, the Mid-Columbia basin joins the tech elite — or a Ponzi scheme | Jon Talton

Solving the mystery of weak consumer spending | Jon Talton

How the American steel industry nearly committed suicide — and not from trade | Jon Talton

Trump threatens Germany's automakers, but there's a hitch | Jon Talton

America (hurt) First: Trump's dangerous game on trade | Jon Talton

Galloway is not taken in, listing tax evasion and job destruction among the other transgressions of the Big Four. One could add the “tech bro” culture that is widely seen as hostile to women.

“Granted, we’ve seen job destruction before,” he writes. “But we’ve never seen companies quite this good at it.” This includes the gig economy and the exploitation of drivers by the likes of Uber.

Yet all that is not enough to require a Theodore Roosevelt-style trust busting. Big Tech’s greatest sins are locking in a winner-take-all economy, decimating the middle class and exercising monopoly-like powers that cause the free market to fail. Competition is stymied. Power is in the hands of too few.

This is the anti-democratic poison that caused the progressives of Roosevelt’s age to break up the likes of [Standard Oil](#), John D. Rockefeller’s trust that controlled 90 percent of the country’s oil. Although Galloway’s proposal isn’t specific, if it followed the Standard Oil model it would mean busting up Big Tech into multiple smaller, independent entities. Amazon Web Services would be one obvious target to spin off.

Given this laissez-faire moment, Galloway’s proposal will go nowhere. That doesn’t mean it won’t go anywhere ever, though. Moments change. It’s a useful thought exercise, not least for the Seattle area, which has benefited so much from Big Tech’s breakout. And it might be more than just an exercise: The Washington Post has been the toughest watchdog on the Trump administration, so it’s possible the president could come after its owner, Jeff Bezos.

To be fair, Fortune’s 2017 list of the world’s [most admired companies](#) placed Apple, Amazon and Alphabet in the top

three slots (Starbucks was No. 6, followed by Microsoft). Yet the list is compiled by Korn Ferry, asking executives, directors and securities analysts. This is not vox populi.

An [Axios-SurveyMonkey poll](#) last month found that 55 percent of respondents were concerned that government isn't doing enough to regulate Big Tech, an increase of 15 points in three months. Democrats, Republicans and independents all voiced more worry more than in the previous poll.

"That's a seismic shift in the public's perception of Silicon Valley over a short period of time," Axios reported. "It shows how worried Americans are about Russian meddling in the 2016 election, but it also reflects a growing anxiety about the potentially addictive nature of some of the tech companies' products, as well as the relentless spread of fake news on their platforms."

The findings bolster [a poll last fall](#) from another news site, The Verge, showing declining trust in Big Tech. Facebook, Twitter and Apple came out worst, with Microsoft and Amazon doing better. "Amazon is a ruthless corporate juggernaut that people love," The Verge summarized.

That juggernaut has been very good to Seattle, [growing to 45,000](#) well-paid jobs at its headquarters and helping fill the city treasury. (The downside to having what tech talent desires but being cheaper than the Bay Area is a staggering

Most Read Business Stories

Fight rages on over Kemper's private helicopter landing spot in downtown Bellevue

Boeing 787 being converted to VIP jet has unusual accident at Moses Lake airfield

Amid bidding war for Amazon HQ2, Pittsburgh debates trade-offs

increase in house prices.)

Big Tech needs to face a Theodore Roosevelt-style trust busting

Amazon can also claim to be a real employer nationwide — more than 300,000, including 90,000 from Whole Foods. (Microsoft employs more than 74,500 nationwide and about 47,000 in the Puget Sound region.)

Microsoft says it fired about 20 people last year for sexual harassment

Unlimited Digital Access: \$1 for 4 weeks

While this is better than Facebook's head count of 23,000, Amazon eradicates jobs, too. More than 514,000 jobs were lost at department stores alone between 2001 and this past December.

Also, much Amazon work is in warehouses. For example, the Phoenix "associate" wage is \$12.45 an hour, according to Glassdoor.

For comparison's sake, General Motors at its peak employed some 400,000 in the United States and Canada. In 1970, starting pay on the assembly line was around \$26.60 in today's dollars. Increases were built into the United Auto Workers contract, along with health care, pensions and other benefits.

This was commonplace in the America of that era, and with far more companies. Rising productivity was widely shared in wage growth, unlike today (the companion trend lines separated around 1973).

And don't forget that Amazon's enormous power doesn't stop at the marketplace. More than 200 localities sought

HQ2. Many, including the 20 finalists, appear willing to shower this wealthy company with incentives.

“Chicago proposed to let Amazon keep \$1.3 billion in employee payroll taxes and spend this money as the company sees fit,” Galloway writes. “That’s right: Chicago offered to transfer its tax authority to Amazon and trusts the Seattle firm to allocate taxes in a manner best for Chicago’s residents.”

Galloway argues that a breakup of the Big Four would inject “oxygen” into the economy, improving competition and unleashing capital.

Maybe it would hold back Seattle even worse than did Microsoft’s “lost decade,” which some observers blame on the federal government’s antitrust prosecution (others say Microsoft got off too easy, avoiding a breakup). On the other hand, given Seattle’s strengths, a breakup might let dozens of new tech flowers bloom here.

But I’m afraid the trust busting needs to go far beyond Big Tech. Finance, media, telecom, airlines, railroads and health care are among the many sectors that have become too concentrated. This hurts competition, innovation, job creation and communities that lose headquarters. We also need breakthroughs beyond apps and tech devices, as well as public investment, that create good jobs.

The Gilded Age’s barons look stuffy in black-and-white photos. The moguls of our Digital Gilded Age dress like teenagers or men who accidentally misplaced their ties. Otherwise, the danger their enterprises pose to the economy and the nation is the same — maybe worse today, where enough of an ignorant nation can be swayed by social-media lies.

Jon Talton: jtalton@seattletimes.com; on Twitter: [@jontalton](https://twitter.com/jontalton).
*Jon Talton comments on economic news, issues and trends,
with an emphasis on Seattle and the Northwest.*