What the Press Talks About when it Talks about “Monopoly”
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Introduction

Two Tales of Monopoly
Monopoly Narratives

- The Monopoly Buzzword in the Press coverage of the Digital Economy
- The Social Baseline
The Monopoly Buzzword & the Press

- Observable tendency to discuss digital economy firms in monopoly terms
  - Amazon, Apple, Facebook, Google, Uber, and Yahoo

- Metaphorical language
  - “giant”, “titan”, “behemoth”, “empire”, “colossus”, “walled garden”...

- Historical analogies
  - Standard Oil, AT&T, AOL, Microsoft

- Pejorative (Ayal, 2014)
The Social Baseline (Brennan & Buchanan, 1985)

- Antitrust neutrality towards monopoly positions (single seller)
  - « Monopolize », « Abuse of a dominant position »
  - No Per Se power to dismember monopolies
  - What about mergers? Merger to monopoly not prohibited Per Se

- Monopoly position is not presumably durable
  - Monopoly share is not dispositive of durability
  - A monopoly finding requires proof of a certain durability
    - US: Eastman Kodak, Scalia dissent + Federal Circuit
    - EU: Microsoft/Skype

- Monopoly position may be efficient
Monopoly: Normative vs. Positive?

- Two systems of belief about monopoly
- Economic science and antitrust laws (Friedman, 1984)
  - Monopoly position is “independent of any particular ... normative judgment”
  - “State of or the quality of” a market where there is a single seller
- Systematic deviation from this positive reality in the press?
- If so, policy implications?
Media Bias

General Overview
Media Bias in General

- **Pro-audience bias**
  - Sensationalism / Spin

- **Gatekeeping bias**
  - Liberal media in the US?
  - Media protects its own interests?

- **Herding & information cascades**
  - Use decisions of others as information to make your own decision
  - Trending topics, fads
Sensationalism Bias

- Overstate stories
- Focus on stories with most dramatic content rather than most important
- Over-report negative/alarming stories, under-report positive/reassuring stories
- Competition can increase this bias: need to grab audience’s attention

Processed and red meat: what are the cancer risks?

The following Q&A was produced by the World Health Organisation’s International Agency for Research on Cancer
Empirical Analysis: Biased treatment of “monopolies”?

150 Years of Press Coverage
Testing these biases empirically (2)

- **Database of 1800 press articles**
  - ProQuest Historical Newspapers database
  - Search for “Monopoly”
  - Divide into six 25 years periods (1850 => 1875; 1875 => 1900, etc) of 300 articles

- **Sensationalism bias: two tests**
  - Negative coverage?
    - Coverage ‘positive’, ‘neutral’, or ‘negative’
  - Pessimistic press?
    - Assign ‘sell’, ‘hold’, ‘buy’ ratings
THE ALLEGED "MONOPOLY" OF STEEL MANUFACTURERS.

No such monopoly exists as regards the manufacture of steel. Any man can go into it as freely as into the business of keeping a grocery store. It is a mere matter of money and ability. There are numerous steel mills

THE ICE MONOPOLY.

THE REPORTED SCARCITY OF ICE UNTRUE.

THE COMBINATION OF THE WEALTHY COMPANIES—A SYSTEM OF WHOLESALE ROBBERY EXPOSED.

The outrageous exactions of the few monopolists controlling the ice trade in this City upon housekeepers and the great body of small consumers deserves the severest reprobation and the fullest exposure. The unfounded pretense that there is a
Results: Negative coverage (partial results)

Negative Press Coverage

1850-1875

- Positive: 3.33%
- Neutral: 21.67%
- Negative: 75.00%

1875-1900

- Positive: 4.60%
- Neutral: 20.69%
- Negative: 74.71%
DOWN WENT THE GAS JOB.
A Death Blow to Monopoly Dealt by the State Senate.

STANDARD OIL OCTOPUS.
The Most Cruel and Extensive Monopoly of Modern Times.

Besides this oil and fuel business the Standard has enveloped the sulphuric acid industry. This was a wonderful stroke, for it will bring to its feet not only all petroleum refiners yet defiant, but manufacturers of nitro-glycerine, tanners, and numerous other industries.
Results: Pessimism (partial results)

Outlook on Monopolies

- **1850-1875**
  - Sell: 25.83%
  - Hold: 16.67%
  - Buy: 57.50%

- **1875-1900**
  - Sell: 13.79%
  - Hold: 16.67%
  - Buy: 69.54%
Testing these biases empirically (2)

- **Herding bias**
  - Same selection criteria
  - Assign a sector to each article
  - Look at distribution of coverage
Results: Herding – Monopoly articles per sector

1850-1875

1875-1900

1900-25

1925-1950

1950-1975

1975-2000

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Policy Implications

Three hypotheses
Monopoly Narratives (i)

- **Antitrust indifference**
  - Policymakers deaf to the mass media representations of monopolies
  - More likely in technocratic governance systems and rule of reason spirited antitrust systems
  - Endgame: Unstable equilibrium situation because of unsatisfied agents (public choice)?
Monopoly Narratives (ii)

- **Antitrust Framing, Agenda-Setting and Priming**
  - Authorities endorse the representations & go after tech companies
  - Risk of insatisfaction, accusations of protectionism from outside world, and distortion of the law

- **Antitrust manufacturing consent**
  - Proactive interaction with mass media
  - Soft law, press releases & speeches
  - Avoid changing hard law
  - Risk: hiatus between public discourse and actual work
Thank you!