

# Techlash FAQ

“Big Tech” is increasingly viewed by critics as the culprit responsible for a wide range of economic and societal harms. Termed the “techlash,” this phenomenon refers to a general animus and fear, not just of large technology companies, but of many innovations grounded in information technology. The Information Technology and Innovation Foundation provides a comprehensive analysis of the trend in its October 2019 report, “A Policymaker’s Guide to the ‘Techlash’—What It Is and Why It’s a Threat to Growth and Progress,” available in full at [itif.org/techlash](http://itif.org/techlash). Here are abridged answers to some of the most frequently asked questions about issues that have been raised as the techlash has gathered steam.

## Societal Issues

### 1. Are tech companies destroying consumer privacy?

Stories about “surveillance capitalism” often misunderstand what digital “tracking” technologies such as web cookies actually do. They also assume consumers are unwitting victims of unilateral spying and data exploitation when in fact they are well aware they are providing data in exchange for services, and they derive enormous value from the fact that these services are often free. Moreover, their data usually isn’t shared with advertisers—and there are alternative ways of getting most services if they would prefer not to exchange their data. A balanced and focused national privacy bill can address most of these concerns.

### 2. Are online platforms exploiting consumers?

No. Many consumer activists are calling for the proverbial free lunch—they want users to have access to free services without providing their personal information in return, which is equivalent to expecting television without ads or subscriptions. But companies cannot provide goods or services without earning income. This can occur through direct payments from customers or through indirect payments from advertisers and sponsors.

### 3. Do online companies manipulate consumers through “dark patterns” of persuasion?

While many of the design features referred to as “dark patterns” are prevalent throughout the Internet economy and are likely effective to some degree, their actual impact on consumer behavior is unclear. Moreover, it can be difficult to distinguish between a well-designed user interface or effective advertising technique and one that undermines a user’s free will. To address dark patterns that are truly anti-consumer, the FTC should step up its Section 5 enforcement against unfair and deceptive trade practices.

### 4. Does social media reduce societal wellbeing for children?

Trends such as increased rates of teenage depression, social isolation, and cyberbullying are real and disturbing, but it would be overly simplistic to lay the blame solely at the feet of social media companies. Correlation doesn’t mean causation; more research is needed. Moreover, while social media platforms certainly can be used irresponsibly, many of the problems involved arise from systemic failures for which there are shared responsibilities. Parents need to monitor and set limits on access to technology. Platforms are introducing AI tools and other features to detect and prevent offensive content and cyberbullying. And governments should enact cyberbullying laws with appropriate punishments for offenders.

## **5. Does the Internet create filter bubbles?**

U.S. society has become more politically polarized, but not because of the Internet. In fact, research shows that the alleged effects of the filter-bubble phenomenon are significantly overstated or may not exist at all. For example, researchers at Brown University have found that the group that has become the most polarized are people aged 75 and older—a group that is least likely to use the Internet—while there has been barely any change in polarization among 18- to 39-year-olds, 80 percent of whom use social media. Nonetheless, policymakers should support policies and programs that increase digital and media literacy, including in public schools, to help people become savvier consumers of news and information.

## **6. Is the Internet enabling extremism and hate speech?**

The best research is inconclusive when it comes to extremism. Social media and other web applications give radical groups new ways to recruit followers, but it hasn't yet been established that consuming extremist content leads to adopting or acting on extremist ideology. The related issue of hate speech proliferating online is troubling, but policymakers need to be careful not to respond by curtailing beneficial speech. That's what would happen if online companies were treated like publishers and held liable for content their users post: Instead of developing effective ways to identify and remove illegal or harmful content, companies would overcorrect and take down legitimate content.

## **7. Does social media facilitate disinformation and deep fakes?**

Yes and no. Disinformation was a problem long before the Internet era, but it has grown more acute in recent years as foreign adversaries and bad actors spread fake news and stoke divisions with social media ads, bots, and deep fakes. Government, industry, news media, and the public all have roles to play in addressing the problem. To combat disinformation in advertising, Congress should pass legislation such as the Honest Ads Act, which would require social media companies to increase transparency and make reasonable efforts to keep foreign entities from buying political ads. When it comes to bots, the biggest problem is not just platforms' ability to identify them, but users' tendency to favor and share falsehoods more than truth. And with deepfakes, which can fool people and computers alike, the goal should be for policymakers to work with businesses, academics, and the news media to develop tools and techniques to address the issue without banning the underlying technology, which has legitimate filmmaking and editing applications.

## **8. Are violent video games causing gun violence?**

No. The American Psychological Association says there is "scant evidence" of any causal or correlational connection between playing violent video games and committing actual violence. In fact, several studies show the opposite to be true—violent crime rates have dropped in periods when violent video game sales have gone up. Moreover, while violent video games are released all over the world, the United States has a much higher murder rate compared with other developed countries. If policymakers want to address this challenge, they should tackle it directly through steps such as much stricter gun control laws and increased expenditures on mental health, especially in schools and for at-risk families.

## **9. Is "big tech" destroying the news industry?**

Journalism has changed in recent years, but most of it has to do with how digital disruption itself has impacted the news industry—rapidly changing business models, articles available free

online, and classified ads migrating to websites like Craigslist, Monster.com, and LinkedIn. The resulting decline in funding for journalism, especially local journalism, is a major challenge for media companies. Yet the declining cost of accessing news has benefited consumers and is not inherently a bad thing. Instead of intervening, as Spain tried to do by requiring news aggregators to pay news publishers for posting headlines, links, and article summaries, policymakers should look for models in the efforts of organizations such as the Knight Foundation, which is investing in scalable organizations that are building new business models, strengthening investigative reporting, promoting news literacy, and engaging with audiences in new ways.

#### **10. Is technology creating a surveillance society?**

Those who worry about government surveillance have a legitimate basis for their concerns when it comes to authoritarian countries with disturbing records of intruding into their citizens' private lives. But in democratic, rule-of-law nations, such concerns are significantly overblown. Moreover, concerns about private-sector surveillance are even less justifiable, even though there have been some notable infractions, because companies have strong market incentives not to alienate customers and can be subject to fines. Congress should continue providing strong oversight of law enforcement and the intelligence community, and it should strengthen Fourth Amendment protections where necessary to ensure government does not gain access to citizens' location data without a search warrant.

#### **11. Do ISPs want to block and degrade Internet traffic?**

No. Despite the fearmongering of net neutrality advocates, it is increasingly inconceivable that a broadband provider would attempt to block traffic, even from direct competitors such as video streaming or telephony services. Their customers would howl. Nonetheless, there should be legislation to bar ISPs from blocking or throttling legal content while allowing some room for traffic differentiation that improves performance of real-time, next-generation applications such as augmented reality and robotics control.

#### **12. Is "big tech" biased against conservatives?**

No. Complaints that Facebook, Google, and Twitter have an anti-conservative bias are wrong—or, at minimum, significantly overblown. The few attempts to provide evidence have been shown to be lacking sufficient data, or to be analytically flawed. Though unfounded, these claims engender support for policies to regulate online platforms in ways that would harm consumers, businesses, and democratic values alike. There is also a risk that platforms could react to that pressure by prioritizing political balance in their content and search results, rather than factors users value more, such as timeliness, relevance, and accuracy.

#### **13. Is AI inherently biased?**

No. Algorithms don't operate in a vacuum; they are intrinsically and inescapably linked to their operators. If a company values nondiscrimination, then it will take steps to ensure it doesn't rely on AI systems in a way that could cause discrimination. The inverse is also true. To reduce the potential for algorithmic bias to cause harm, regulators should ensure that companies using AI comply with existing laws in areas that are already regulated to prevent bias. The federal government also should prioritize the development of publicly available authoritative training datasets for high-stakes AI applications, such as facial recognition.

#### **14. Is IT making us stupid?**

No. This concern is at least as old as Plato, who worried the written word would make obsolete the need to exercise our memories. The truth is that by freeing us from mundane tasks, while at the same time providing a cornucopia of information resources at our fingertips, information technologies create opportunities for significant increases in mental acuity and knowledge.

#### **15. Does the tech industry employ too few women and underrepresented minorities?**

Big technology firms can do more to hire and retain diverse candidates, including by ensuring a supportive work environment. But there is a limit to what they can do on their own. One industry-wide challenge is the lack of diversity among individuals earning degrees in computer science. This issue makes it more difficult for firms, especially small and mid-sized tech companies, to hire women and minorities. Policymakers should address this by reforming secondary-school curricula to ensure access to high-quality computer science education; incentivizing universities to improve representation in the field; and funding apprenticeship programs that train more women and minorities for computer science roles.

#### **16. Does IT consume too much energy and accelerate climate change?**

No. Doomsday predictions focus on rapid growth in IT use without considering commensurate improvements in energy efficiency. As with Moore's Law for computing power, computing efficiency—the number of computations that can be performed per kilowatt-hour of electricity—has doubled every 1.5 years. Past performance is no guarantee of future improvements, but trends look promising. For example, 4G networks, which are around 50 times more energy efficient than 2G, are going to be replaced by 5G networks—which are expected to be around 10 times more energy efficient than 4G.

### **Economic Issues**

#### **17. Do tech companies pay their fair share of taxes?**

Yes. It's true that because many assets for tech companies are intangible, it has been comparatively easy for them to shift operations to low-tax jurisdictions such as Ireland. But the OECD has agreed to international tax reform measures to reduce this so-called "base erosion and profit shifting." And prior to this, the OECD found that large digital companies paid higher effective tax rates than their peers in more traditional industries. Countries should support the OECD's reform effort, not circumvent it to impose digital sales taxes unilaterally.

#### **18. Is IT destroying jobs?**

Not in the aggregate. As with other technologies throughout history, IT drives productivity and wage growth, which can displace workers in some occupations. But the savings from increased productivity are recycled throughout the economy in the form of higher wages and reduced prices, which increases demand for workers in other jobs and occupations. We will need more of that as populations age, not less.

#### **19. Is tech reducing labor's share of income?**

No. Capital investment, including automation, raises worker incomes, which is a good thing. And labor's share of net income has been about 70 percent for most of the period since the 1930s. It dipped between 2006 and 2017, but that wasn't because the share of income going to profits, for tech companies or otherwise, went up. The real culprit was rental income, which went up 2.4 percentage points in the same period.

## **20. Does tech increase income inequality?**

No, there is little evidence or logic to believe increased automation—from robots, AI, or any other new tool—will lead to an increase in inequality. The real issue is not middle-wage occupations being wiped out by tech-enabled productivity gains. Rather, some individuals are making winner-take-all incomes at the expense of others in the same occupation, a phenomenon that has nothing to do with technology.

## **21. Is tech creating monopolies?**

Not by the measure of consumer welfare. In fact, when it comes to tech, big firms are big precisely because scale holds the key to maximizing consumer benefits such as low prices, abundant choice, and convenience. Moreover, Big Tech is vulnerable to competition, whether from adjacent markets, new entrants, or foreign rivals. Rather than worry about hypothetical harms, governments should let consumers reap the windfall of the gains Big Tech companies are creating today. Most won't be dominant long enough for any downsides to materialize anyway.

## **22. Is Big Tech hurting start-ups?**

No. Critics make esoteric arguments about industry concentration that fall apart under scrutiny. ITIF has examined data on more than 5 million U.S. technology-based start-ups and has found 47 percent growth over the last decade. ITIF also found that from 2007 to 2015, software start-ups increased 20 percent. There were more software firms in 2016 than in 2007. And the 5-year survival rate in 2011 was 17 percentage points higher than in 1999.

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*For more details on all of these issues, see: “A Policymaker’s Guide to the ‘Techlash’—What It Is and Why It’s a Threat to Growth and Progress” (ITIF, October 2019), [www.itif.org/techlash](http://www.itif.org/techlash).*

## **About ITIF**

The Information Technology and Innovation Foundation (ITIF) is a nonprofit, nonpartisan research and educational institute focusing on the intersection of technological innovation and public policy. Recognized as the world’s leading science and technology think tank, ITIF’s mission is to formulate and promote policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress.

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