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**“The changing nature of GAFAs:
global market players, national
champions or public service
providers?”**

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Thanks for those of our contributors who ventured to react to this question:

In pandemic times the world operates thanks to GAFAs and telecoms. These giant enterprises are becoming every day more clearly the backbone of our economic, social, and political lives, which makes them players of systemic and global importance. How will/should evolve their future regulation at national and global levels? What are the rationales behind?



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EDITORIAL

The changing nature of GAFAs: global market players, national champions or public service providers?

Since the start of the COVID-19, the infrastructure and services provided by GAFAs and telecoms have played a key role in keeping the economy afloat and society connected. Simultaneously, the public conversation about technology has shifted, the backlash against Big Tech having been put on hold. Nevertheless, the concerns about the regulation of the industry remain acute, all the more so since tech industry is likely to emerge globally stronger, more concentrated, and larger, once the pandemic is over. This would mean that the key players be more powerful.

The straightforward solution would stress the need for “regulations negotiated internationally [...] to limit the use of traceability and restrict the centralization of individual data” and to keep in check the level of concentration. This however has a limited feasibility first because of “the absence of a global institution”, second because of current geopolitical dynamics that tends to prevent the advent of any “effective regulation on a global level”. In particular, the divide between American GAFA and Chinese BAT could become “the decisive battlefield of a potential new Cold War”, leaving Europe playing “the role of the bridge regulator by allowing access to both sides”. This would however herald a new role for GAFAs which would defend the (geo)political interests of corresponding States.

If global regulation may appear as idealistic, some plead for a “restoration of greater national or – for the EU – multilateral sovereignty”. In such a case, GAFAs would become subject to uncoordinated “national laws and regulations on taxation, economic concentration, and many other matters” which would ultimately threaten their global reach and status. The question is: will the scattered national authorities prove able to provide a regulatory framework capable of ensuring “that data privacy laws are respected in telecoms or that accurate and complete information ... is provided to the public.”

Regulation, however, may not be the only way forward as “nothing will change as long as a strong demand exists” and “demand is changed through education”. However, another perspective emerges: one may wonder whether the very success of GAFAs and telecoms and in particular their growing socioeconomic which became so visible during the pandemic may eventually prove their demise, by upgrading their services to the level of a “public good” which has to be provided according to other than profit criteria. In such a case, the geopolitical considerations and the socio-political ones may converge and limit the global reach, or even lead to the forced break-up of the GAFAs.

“... dictating the agenda on regulation ...”

The COVID-19 pandemic has raised awareness on the systemic role of hi-tech giants as Google, Amazon and Facebook. Established between the end of the last century and the beginning of the new one (Amazon: 1994; Google: 1997; Facebook: 2004), what strikes the most is the extreme rapidity of those companies to expand their presence on the market in the last years, taking by surprise national and supranational regulators and policy-makers. **The asymmetry in terms of both (1) technical expertise and (2) market/research data possessed between those giants and public agencies/bodies, make GAFAs capable of de facto dictating the agenda on regulation matters and policy-making process everywhere globally.** A strained post COVID-19 world may even lead to enhancing this asymmetry.



[Valerio Alfonso Bruno](#)

“... regulations negotiated internationally ...”

The GAFAs are on the Web what the privateers in the service of the king of their country of origin were on the ocean. To which is added today the disappearance of privacy, censorship of opinions, and tax injustice. To limit these three drifts, **regulations negotiated internationally must seek to limit the use of traceability and restrict the centralization of individual data**, to only sanction judgments of facts which are manifestly false - and not value judgments - and to introduce the principle of taxation in proportion to the turnover achieved in each country..



[Etienne Perrot](#)

“... the absence of a global institution ...”

Business organizations have moral obligations, for example to treat customers and employees fairly or to make sure their products are safe etc. If an organization becomes of systemic importance and users worldwide are affected – as is the case with GAFAs and telecoms in pandemic times – it becomes even more imperative to ensure that rights are respected. Regulation on a global level would be desirable as GAFAs operate beyond borders. **However, in the absence of a global institution that could enforce the rights, national governments need to step in and ensure that these organisations are held responsible.** This means, for example, that data privacy laws are respected in telecoms or that accurate and complete information on the pandemic is provided to the public.



[Simone Heinemann](#)

"... effective regulation on a global level is unlikely soon ..."

The pandemic is not a source of new social processes and is not even a cause of qualitative changes. In most cases, its influence is mediated by already existing fundamental trends.

In different societies, GAFAs and telecoms influence processes of a different nature, including because of the various social purpose of communications. Accordingly, the need to regulate the influence of "these giant enterprises" is common, but "the rationale behind" may be significantly diverse. New communication technologies contain the potential of both freedom and non-freedom. **Democracies will strive to make regulation a tool to protect freedom; authoritarian regimes are trying to regulate in the interests of total control. Due to world disorder, effective regulation on a global level is unlikely soon.**



[Yuriy Temirov](#)

"... this divide becomes the decisive battle field of a potential new Cold War ..."

GAFAs, BATs and telecoms help a lot as we see during the pandemic and are indeed system relevant. The biggest challenge arising is the bi-polar world of American GAFA (Google/Apple/Facebook/Amazon) and Chinese BAT (Baidu/Alibaba/Tencent) and Huawei stretched in between. More and more countries, companies and universities have to decide with whom they work as more and more restrictions exclude each other. On my mobile phone apps I daily see this divide as I use "both sides": Whatsapp-Wechat, Facebook-Tencent, Amazon-Alibaba. **We should urge governments to accept access to both worlds and not exclude each other. This divide becomes the decisive battlefield of a potential new Cold War. Europe has to play the role of the bridge regulator by allowing access to both sides.**



[Christoph Stückelberger](#)

"... restoration of greater national or – for the EU – multilateral sovereignty ..."

Restoration of greater national or – for the EU – multilateral sovereignty could be a major component of an effective policy here. Such a policy could accompany insistence on a GAFA's incorporation as a subsidiary in countries in which it operates. This would facilitate subjecting it to national laws/regulations on taxation, economic concentration, and many other matters. A GAFA could be treated not as a neutral information channel but as subject to a legal framework concerning defamation and the provision of information in connection with political campaigns and related issues similar to that already in place for newspapers and other publications.



[Andrew Cornford](#)

“... nothing will change as long as a strong demand exists ... “

Regulation and education. What would we want to accomplish with regulation? To have a say in the contents emitted by the GAFSA complex to suppress things like porn and fake news. Legal battles in the horizon, with very unequal forces, but it must be attempted all the same.

As with drugs, nothing will change as long as a strong demand exists. Demand is changed through education. No need to elaborate. Education begins at home, and the domestic battle will not be any easier than the legal one, perhaps not as expensive.

Nationalization is not feasible, and in the current state of affairs I am not sure it would be advisable.

[Alfred Pastor](#)

“... split their business units from those that sell and monetize data ...”

Antitrust regulation has been often the most efficient way to couple with big corporations' power, and to improve and foster more competition, which is one of the main innovations' driver. In general, there are three ideas that can help to avoid too much concentration of economic (market data) and political power (news and influence) from these corporations: **1) to keep separated the different businesses of these platforms; this separation would therefore require the digital platforms to split their business units from those that that sell and monetize data;** 2) to tighten new markets where they can actually enter; 3) to monitor the merger and acquisitions processes among these corporations.



[Andrea Roncella](#)

“... promoting indigenous connectivity ...”

Given the uncertainty around the pandemic relating to a second phase of the coronavirus and the time involved in developing a vaccine and getting it approved for human consumption, the government must also invest in improving the country’s COVID-19-related critical digital sectors such as GAFAs and Telecom infrastructure on a war footing. Telecom handsets exports could be hit badly due to the disruptions in supply chains. The advantage of involving MSMEs is to create concurrent jobs in related services like telecom, etc, without confronting difficult labour laws. **The other important cross-border liberalized policy would be to invest heavily on such infrastructure and services possibly in a PPP mode through promoting indigenous connectivity to motivate the private sector to have some ownership for long-term sustainability.**



[Archana Sinha](#)

“... the common regulatory approach does not always apply ...”

The weight of GAFAs and telecoms was there before, the pandemics only helped to throw light on providers of services which prove incredibly able to multiply their capacity and allow us home working and keeping in touch!

Whether you like these businesses and their forged optimism or not, **the regulatory approach must be based on the same ethical and legal principles applicable to any company regarding anti-crime, privacy, tax-law and competition rules.**

The common regulatory approach does not always apply: where should these companies’ profits be taxed? In what field exactly do they compete, as their role is basically that of intermediaries? There is a need to develop the conceptual understanding such as to redesign internationally enforceable regulatory policies.



[Domingo Sugranyes Bickel](#)

“... what we now need is technoeconomic development ...”

The GAFAs became systemic agents in our biosphere. Their overwhelming presence, though, caused heated debates. They are recognized as backbone of our socioeconomic structures but what about the veins of our lives? The low paid staff, the essential workers, the farmers and all those who feel that the monopolistic digitalization will leave them naked in fierce storm? Competition is another challenge. The problem of the giants is their own height as they cannot see down under their feet. **What we now need is technoeconomic development that serves both entrepreneurship and social cohesion.** Legislation that combines competition laws and tax provisions within a plan of social investments could prevent uncontested hegemonies for the sake of the economy and of us all.



Christos Tsironis

LIST OF CONTRIBUTORS

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Paul H. Dembinski is the initiator and Director of the Foundation of the Observatoire de la Finance. In parallel, he is partner and co-founder (with Alain Schoenenberger) of Eco'Diagnostic, an independent economic research institute working for both government and private clients in Switzerland and elsewhere. Paul H. Dembinski is also Professor at the University of Fribourg.



Simone Heinemann holds a PhD in Philosophy from Ruhr-Universität Bochum, Germany. In 2012, her paper on financial derivatives and ethics was awarded the Ethics & Trust in Finance Prize by the Observatoire de la Finance (3rd prize) and in 2016 she won the Bruno Heck Science Prize with her PhD thesis. Currently, she is working for an international bank in the field of risk management in Düsseldorf, Germany.



Dr. **Virgile Perret** holds a Ph.D in Political Science from the University of Lausanne, for which he was awarded the Prize of the Faculty in 2013. He's specialized in the study of digital currencies and technological innovation from an interdisciplinary perspective. He collaborated with the European Commission, the International Labour Organization (ILO) and the State of Vaud.



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Andrea Roncella holds a PhD in Economics and Business at the University of Navarra (Pamplona, Spain). He previously worked as Research Fellow at the Markets, Culture and Ethics Research Centre at the Pontifical University of Santa Croce (Rome, Italy). Andrea holds an MSc in Economics and Finance and BSc in Economics and Management both from the LUISS University (Rome, Italy). He was appointed Visiting Scholar at the Mendoza College of Business (University of Notre Dame, IN, USA); he is member of the Virtue Ethics in Business Research Group of the University of Navarra and actively collaborates with the Fundación Civismo. His research focuses on economics, finance and society.



Dr. **Archana Sinha**, a doctorate in Agricultural Economics, currently is Head, of the Department of Women's Studies; and just before this she was Head, of the Department of Rural and Urban Development, Indian Social Institute, New Delhi, India for the past several years. Additionally, she holds responsibility of Academic Coordinator, Research, Indian Social Institute, New Delhi. She is responsible for implementing research on various women issues, rural and urban based issues on gender and development, agriculture related rural economy, livelihood, gender and social exclusion, food security, nutrition, health promotion, SDGs related issues, etc. She is also involved in research studies, proposals, plans and surveys. She worked for evaluation studies and impact assessment in several flagship development programmes of Government of India with experiences drawn from the field and research. Also involved in publications of research reports, designing and organizing research methodology, advocacy and capacity building programs, networking and collaborating with similar other organizations in research, capacity building and advocacy programs Archana Sinha.



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“FROM VIRUS TO VITAMIN” – JOIN THE DISCUSSION

The Observatoire de la Finance intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society. In brief, we want to turn the virus into a vitamin for the future.

Our Discussion Board “From Virus to Vitamin” focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

Contributors ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <perret@obsfin.ch>.

OF Discussion Board – Questions addressed so far

- Question 4 : [In pandemic times the world operates thanks to GAFAs and telecoms. These giant enterprises are becoming every day more clearly the backbone of our economic, social, and political lives, which makes them players of systemic and global importance. How will/should evolve their future regulation at national and global levels? What are the rationales behind?](#)
- Question 3 : [What would you suggest as priority actions to reach out to the most exposed to the economic aftermath of the pandemic crisis in developing countries?](#)

- Question 2 : What principles should guide us in striking the balance between « lives and livelihoods »? Or put differently, between health and GDP?
- Question 1 : How has the virus crisis affected your basic convictions about economy and society?

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