
THE LATEST IN POLITICS AND BIG TECH

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Last week's *Behind the Markets* podcast discussed the intersection of the upcoming election, politics and the latest anti-trust charges filed against platform technology companies.

In the first half, we spoke with Wharton Professor Jeremy Siegel and Greg Valliere, political strategist at AGF Investments.

Fiscal Deal Stalled? Valliere sees the Republicans in the Senate as deeply disturbed with the levels of spending in the deal Mnuchin has been negotiating and thinks Mitch McConnell will put up obstacles to it getting passed in the short run.

Trump Momentum: Valliere saw Trump's debate performance as positive and sees a gaffe from Biden coming out so strongly against the oil industry as something that may hurt him in a key state: Pennsylvania. Valliere still sees Biden as having the advantage, but it could be a close election that may get litigated and dragged out.

A Moderate Senate? Valliere is in the minority that thinks Republicans can hold on to the Senate. But for Democrats to really pass their platform, Valliere thinks Democrats need a lead of 52-48 or 53-47 due to moderates who may not support a real left-leaning agenda. This advantage in the Senate is not something Valliere sees as likely, and that will keep a more radical left agenda from passing.

In the second half of the discussion, we spoke to Alex Moazed, CEO of Applico, a firm that specializes in platform companies and whose expertise WisdomTree uses to license data to identify them.

Moazed wrote *Modern Monopolies*, which details the two-sided network relationship of platform companies, bringing producers (suppliers) of goods and services together with consumers and customers. The two ecosystems feed off each other and naturally lead to one or two companies dominating an industry vertical. Due to these natural monopoly tendencies, the risk of litigation is ever present in some of rapid growth and dominating businesses.

Companies like Google do not charge *customers* for their services, making it difficult to apply traditional anti-trust laws. Consumers see the free service as a benefit, but Moazed sees suppliers of data also as customers of Google. These third-party websites pay Google to show up in searches. Anti-competitive actions Google forces on suppliers is something the Department of Justice (DOJ) missed in their legislation thus far.

Moazed thinks Google and Amazon are the two platforms with most anti-trust risk, but that Google doesn't have a lot of risk from the current legislative track. In short, Moazed said Google's lawyers are likely giddy, having fought a similar legislation in Europe already, but Europe might be the first place Google faces a real test on their supplier relationships.

Section 230 for Publishers: Supreme Court Justice Clarence Thomas just wrote a 10-page report that might dilute some of the protections and immunity that platform companies have enjoyed under the rule. Platforms are now starting to get more aggressive in moderating content, which could make them subject to laws around being a publisher of content instead of just a neutral platform.

We also discussed Netflix, one of the tech companies that gets a lot of attention but is not a traditional platform in Moazed's eyes. Netflix struggled after reporting earnings this quarter, and one challenge is how expensive content acquisition is for Netflix since they are competing with many other streaming services. Moazed feels Netflix lacks the platform business economics that makes other companies more interesting growth businesses.

We always enjoy chatting about technology and platform businesses with Moazed. You can listen to our full conversation below.

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