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ON THE INTERNET MONOPOLIES ARE THRIVING

This *Land&Liberty* article will *not* age well.

In addition to identifying some of the social and economic mechanisms at play when it comes to the modern internet I will try to paint a picture of where the internet – as we know it – is heading. In doing so I will embark on a road to almost certain future humiliation and personal embarrassment. As an example let me invite you to enjoy these particularly amusing predictions, which have not stood the test of time:

In 1995, Robert Metcalfe wrote in the American magazine *InfoWorld*: “I predict the internet will soon go spectacularly supernova and in 1996 catastrophically collapse”. Legend has it that Metcalfe literally ended up eating his own words at a technology conference a couple of years later. Metcalfe blended a copy of his column with some water and then consumed the – hopefully – tasteless smoothie with a spoon.

Also in 1995, the astronomer Clifford Stoll chimed in with an op-ed in *Newsweek* asking rhetorically: “We’re promised instant catalogue shopping—just point and click for great deals. We’ll order airline tickets over the network, make restaurant reservations and negotiate sales contracts. Stores will become obsolete. So how come my local mall does more business in an afternoon than the entire internet handles in a month?”

However, my own personal favourite comes from the economist Paul Krugman who famously offered the following prediction in 1998: “The growth of the internet will slow drastically, as the flaw in Metcalfe’s law — which states that the number of potential connections in a network is proportional to the square of the number of participants — becomes apparent: most people have nothing to say to each other! By 2005 or so, it will become clear that the internet’s impact on the economy has been no greater than the fax machine’s.”

Ironically, the Paul Krugman piece – from which the words above have been lifted – was rather aptly titled *Why most economists’ predictions are wrong*.

BASICALLY CHAOTIC AND UNCONTROLLABLE

Let me point to one of the main problems in terms of successful prognostication at play here: On the internet everything moves fast. Partly, this is due to the simple fact that the internet industry serves as a magnet to young people brimming with ideas, creativity and ambition. The same type of creative person who would have tried to become a successful song-writer in the 1960’s might very well be aggressively focusing that same creative energy into software coding here in the year 2022.

The lure of becoming the next important tech entrepreneur likely feels stronger than the lure of becoming the next Bob Dylan. Certainly, it looks more profitable to own a large internet company than a back catalogue of folk songs.

So, aside from these tech entrepreneurs, who really owns the internet as such? Who controls it? Luckily, the simple answer remains that essentially nobody does. The internet is by nature decentralized, dispersed and disorderly. In this way it is like most of human life, basically *chaotic and uncontrollable*.

A DIGITAL GLOBAL COMMON

This obvious fact about the internet often becomes clear on a political level when anti-democratic, authoritarian governments show their penchant for limiting citizens’ access to it in times of conflict. Or whenever it pleases them, really. Most recently, the Russian government comes to mind. As a fine tool of oppression the Russian people have been cut off from Facebook, Twitter and numerous other internet services immediately following the invasion of Ukraine. As the *New York Times* solemnly wrote on March the 7th 2022, only a couple of weeks after the Russian invasion: “The actions have turned Russia into a walled-off digital state akin to China and Iran, which tightly control the internet and censor foreign websites and dissent. China’s internet and the Western internet have become almost completely separate over the years, with few overlapping services and little direct communication. In Iran, the authorities have used internet blackouts during protests”.

Much to the assumed great chagrin of tyrannizing dictators the internet has now started to become a supranational public good, it is becoming a *digital global common*. At least, if you are lucky enough to live in a country where you are allowed to access it. If you are this lucky, then with the internet you have access to this global common, a term usually used by political scientists to describe an area or domain not governed by any single political jurisdiction or nation-state. Another example of a global common is the high seas; even outer space can be thought of as a global common. In terms of the internet the comparison to the high seas seem particularly fitting in my view. You and I might be able to build a raft and start to operate on our own shipping route on the high seas tomorrow, but to truly benefit *directly* from this global common we will need to own something more akin to a gigantic Maersk container-ship. Similarly with large and powerful operators like Google, Amazon or Facebook effectively becoming critical internet infrastructure the parallel seems suitable. Still, the high seas – a historically well-functioning global common – is characterized by being both vast and without ownership.

Contrast this to the *dryer* parts of the world: From an economic perspective the main characteristic of land is scarcity and private ownership. This characteristic of scarcity makes land incredibly valuable when effectively monopolized – and some land will be more sought-after than other. When economic dominance and control was primarily related to agriculture the value of land tied closely to agricultural potential. Today, this is clearly no longer the case as modern, industrialized societies have moved further and further away from agriculture as its economic nucleus. The most valuable land is no longer the land, which has more potential to yield bushels of grain; instead it is the land with most service- and knowledge industry potential. In most cases the most central urban land best connected to modern infrastructure – meaning not only transportation infrastructure, but also high-speed, reliable internet access. This type of desirable urban land comes with all relevant social, commercial and sometimes even political benefits required to succeed and prosper in modern society. As we have historically moved from an agricultural economic nucleus to an urban and industrialized economic nucleus I am ready to ask what the next shift might be? Could the next shift be more digital/virtual? I recognize that it can't be argued that a person can live an actual life entirely on the internet. Any human is a physical entity that needs actual physical land to sustain a life. Rather I am asking if the future economic *nucleus*, as described above, could become even more *non-physical* than is the case today? With enormous advances being made in machine learning, in artificial intelligence and, simply, in data science, I don't find this to be an outrageous prospect.

HUMAN ATTENTION

If so, we must keep a very keen eye on actors in this new non-physical economic domain. When it comes to the most important internet companies today the concept of keeping an eye goes both ways. Having their eyes on *you* is fast becoming the entire business model. And what you are paying with might not only be your wallet, in some cases it might simply be your attention. This is not in any way trivial, though it might seem to be on the surface. In fact, I will argue that the best way to understand the most fundamental currency of the internet – as we know it today

– is *human attention*.

It is often stated that *personal data* about user behaviour is the true internet currency today. The more I think about it, the more I am starting to view data as simply another layer *on top of* human attention. Before Google, Twitter, Facebook or Amazon can collect any data regarding your likes and dislikes – personal information which can later be rather effectively monetized – they need your attention. They need your mental engagement for as long as possible with whatever they offer. Whether this trade-off is worth it is entirely up to you to decide for yourself. I myself choose to use most of these online mega-conglomerates each and every day, and plan to do so many years into the future. And I am not necessarily of the opinion that you should have moral misgivings about your own usage, just know this: When offering their often free and even more often useful services these companies ultimately aspire to fully monopolize your attention. And so, in effect, your valuable time.

BUSINESS MODEL: BECOME THE MARKETPLACE

Another way of perceiving it is the following: One classic and simple commercial model is to sell, say, regimental ties to consumers with this particular interest and style demand. Another commercial model is to be the platform on which businesses interested in selling regimental ties *convene online* with potential consumers willing to buy. I am simply trying to convey that there is a fundamental difference between a corporation aiming to become the most successful *producer* or even the most skilful *seller* in a given market – and a corporation instead aiming to become the *marketplace*.

The latter is the lucrative business model of an abundance of internet companies today. It is sometimes referred to as the “online platform” business model. The immensely prosperous online retailer Amazon is perhaps the most pure example of this, the same can be said for its South American sister company named *MercadoLibre*. And an online service-oriented platform aiming to become the marketplace for drivers supplying a lift and consumers demanding said lift we have come to know as Uber. Perhaps you want to rent out your house for a few weeks or even months? There is an online platform for that too, AirBnB. The examples are countless.

Now, imagine these internet mega companies simply as digital versions of the most expensive properties in the classic board game Monopoly. But try also to imagine them with some crucial features added on top, which I will try to explain as best I can. In the board game the best plot is Mayfair, which will be the most expensive to both purchase and to develop. Mayfair will however also – to no surprise to *Land&Liberty* readers – yield the highest *rents* as the players progress through the game. Of course this is not unlike reality; a simple detail key to understanding the historic success of the board game, which can be almost instinctively understood even by young children.

In your own life you might have never walked on the actual street, Mayfair; or even spent a single Pound Sterling in a café on this prominent London street. In fact, I am entirely sure you can live a fulfilled, rewarding life without ever visiting Mayfair.



In the board game, however, the chances of you being successfully able to avoid this property are awfully small. This is akin to the reality of the mega companies on the internet. When is the last time you searched for something on Bing? Well, there is a good reason for that. In the case of internet searches Google *is* Mayfair – and you will be landing on it eventually – not because Google has become a de facto monopoly without facing competition as a search engine. In fact, the contrary is true. Google has faced many fine competitors, but it has become a search engine monopoly by creating the *far better* user experience relative to any of its competitors. But the added feature is that its monopoly status – or near monopoly status – becomes more and more entrenched each day.

It comes more and more entrenched by utilizing the following commercial mechanism: Imagine if you owned all of Mayfair, but in addition to receiving rents from stores, apartments and hotels derived directly from daily human life, interaction and commerce on the London street, you also received individual micro-level behavioural information about each human simply walking on your street. Well this behavioural data is exactly what you need to develop Mayfair into the most supreme plot of land – in absolutely all aspects imaginable. You will know exactly *how* to invest and develop it by means of this data, and equally important, you will know what to avoid investing in altogether.

The reason why you never try to “Bing” anything is because the pure volume of data Google has gathered about macro-level search patterns combined with micro-level user knowledge about *you* has made the Google user experience simply unrivalled. And the truth is that Google’s monopoly only gets better and better with time. In ten years the services Google provide will be even more precise and accurate in serving your every need. All Google requests is that you use it. All Google requests is that you *walk* there. All Google needs is that you give it your *human attention* the next time you choose to open your browser. It is a positive feedback-loop on top of a monopoly. It is a positive feedback-loop on top of Mayfair.

THE WINNER TAKES ALL

Remember those predictions made about the internet at the beginning of this article? Well, I am willing to make a similar bold prediction: Google will never be replaced as the primary tool for online information search. The same is probably true for Amazon, Uber and AirBnB in their own respective internet niches. These ships have all simply sailed. Every day Google becomes a tiny bit better and more precise compared to its competition, not to mention any future entity willing to try to compete as its future rival. They are all currently being pushed to the margins.

When it comes to internet monopolies the name of the game has already become *the-winner-takes-all*, and the barriers of entry to this market place only grow taller and taller with each click of your mouse.

Think about that, Paul Krugman. [👉](#)