



THEME 01

Biden: neither friend nor foe to big tech

SOCIETY
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POLITICS

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INNOVATION

Obama's presidency was paradise for big tech. After that, Trump was a gift from the gods, tax-wise, but caused some rocky and restless years in Silicon Valley nonetheless. Biden will partly restore peace in the Valley, but we shouldn't expect a return to the heyday of the Obama administration. During Biden's first term, we will see a relationship with big tech that is less than clear-cut in terms of amity or enmity. Big tech and Biden need each other and don't appear to want to make life difficult for each other, but the tension between big tech and society and Silicon Valley and Europe won't be easily resolved.

Our observations

- For tech companies, there will be a large contrast between Trump's fiscal policy and that of his successor Biden. Trump's tax reforms were a [present to big tech](#), which was able to withdraw money from abroad at low cost and drive up its own share price by buying back shares with this money. Biden wants to tax large companies more heavily by raising corporate taxes to 28%. In addition, he may want to make it more difficult to deposit money on [offshore accounts untaxed or to transfer it to tax havens](#).
- As a consequence of Trump's immigration policy, tech companies struggled to attract foreign talent. Biden is a proponent of a [friendlier immigration policy](#) and has promised that, during his presidency, it will become easier to apply for a permanent visa again.
- Under Biden, we can also expect a reintroduction of [net neutrality](#). He has repeatedly expressed approval of net neutrality, which was instated by Obama but subsequently repealed by Trump. Without net neutrality, [telecom providers are able to discriminate between content providers](#) and slow down access to certain websites or platforms or charge differentiated fees.
- Trump and Biden are different in many respects but both of them want big tech to take more responsibility for content moderation. The debate centers around [Section 230](#). In the early years of the internet, Section 230 was devised to give digital platforms legal immunity regarding the content posted on the platform. The law is widely criticized now, though it's helpful to understand it in the context of the rise of the internet as a [free public space](#).
- The left flanks of the Democrats have long advocated the forced sale of business units to tackle market concentration and big tech monopolies. Biden is less eager to break up tech companies and has indicated that [it's still too early to discuss this](#).

Connecting the dots

During the Obama presidency, big tech companies were given a free hand regarding growth and the president frequently sang the sector's praises. Obama was [\(too\)](#) friendly with big tech. Under Trump, things became a bit more ambivalent, leaning towards hostility. Trump often expressed criticism of tech platforms. Moreover, he became the key player and catalyst in the societal problems that currently characterize the industry (e.g. misinformation, polarization, foreign interference, etc.). At the same time, it's mostly tech companies who seem to have reaped the benefits of Trump's fiscal policy (e.g. cheap repatriation of foreign cash and lower taxes). Societal criticism became immensely widespread, but the share price rose with it. With Biden, we're starting a new chapter that's more difficult to define in terms of amity or enmity towards big tech. The consensus is (see observations) that Biden will implement stricter regulation of big tech and higher taxes, so it would appear as though there's some hostility. But in other respects, Biden and big tech are completely on the same page and mutually dependent. First, to expect that big tech has some rough years ahead because of the extra regulation would be misguided. After all the (internal) unrest and increasing societal criticism, more regulation, even if it affects companies' profitability, may even be desirable within the sector. The fact that big tech, despite Biden's campaign promises of fiscal reform, [made prodigious donations to the Biden campaign](#), supports this theory. Moreover, Biden and Harris have close ties with the tech sector, so there might be an assumption that in (a divided) Congress, the lobby will have enough [room to water down propositions](#). And perhaps regulation might benefit big tech anyway: the GDPR is widely held to serve the big players, who are far better able than their smaller competitors to build the necessary infrastructure. For smaller companies, this is likely to be very expensive and time-consuming. Big tech welcomes Biden but the reverse is true as well. Among other things, Biden plans to rejoin the Paris climate deal and seems to be of a mind to revive multilateral institutions. But in other domains, he will want to continue Trump's protectionism and protect big tech. Commentators all agree that stricter regulation of big tech will [play into the hands of Chinese competitors](#), and this will certainly be taken into consideration by the Biden administration. It looks

like Biden is aiming for a softer, more differentiated version of Trump's America First policy, so the trade-off between protective industry policy and restrictive competition policy could work in big tech's favor.

There is, then, enough amity and/or mutual dependence in the relationship between big tech and Biden, but under the surface, hostility and tension remain. Breaking up big tech is one of the most radical plans of the Democrats and was a spearhead in the campaign of other candidates, such as Elizabeth Warren. Because Biden has never made any such extreme statements and there was no "blue wave", this plan doesn't seem to be a priority. Nonetheless, CEOs will not rest easily after their recent hearings with the House Judiciary Committee's antitrust subcommittee. In a lengthy report, the latter considers the monopolies or market forces of big tech [proven](#) and urges the forced sale of business units or subsidiaries. It will be difficult to get this through Congress, but the battle for the Senate is not over yet, as a new voting round in Georgia will decide who gets the last two seats in the Senate. It should be noted here that not all big tech companies are the same. Especially Mark Zuckerberg will have sleepless nights, because Biden and [his tweeting deputy communications director](#) seem to have set their sights on Facebook in particular.

Ultimately, we shouldn't set too much store by Biden's current intentions and campaign promises and stay attuned to what happens societally and ideologically. Societally, in his close-to-victory speech, Biden presented himself to the world as the president of reconciliation. But in the unfortunate case that the power concentration, misinformation, polarization and societal tensions in the digital realm continue to increase, so will the pressure to act on this. Finally, we are in the midst of an [ideological reappraisal of the internet itself](#). Among academics, politicians, organizations and platforms, there's a growing push for an overhaul of the digital economy, with the foundation of a [decentral and open infrastructure of the internet](#). At its core, this ideology criticizes the way tech companies have been able to privatize the open space of the internet in the past decades and seeks technological alternatives. The strength of this new ideology could have more severe consequences for the revenue model of big tech than Biden's policy.

Implications

- **Compared to Trump, Biden will undoubtedly be more eager to cooperate with Europe, but this doesn't pertain to tech policy. In this regard, the EU and U.S. have drifted apart in the past years, among other issues because of privacy and data regulation, and Biden apparently doesn't [intend to change much about that](#).**
- **In addition, though at first glance Biden seems tougher on big tech fiscally and appears to comply with Europe's desire to tax American tech companies more fairly abroad, when we look closely, it's clear that he plans to give big tech free rein in certain fiscal areas to remain a strong competitor of foreign counterparts. European countries, for instance, have been pressing for years for [a tax on digital services](#) that would affect mainly American tech companies, but Biden - like his predecessors - isn't likely to [respond to this call](#). Biden, it seems, wants to limit the power of big tech somewhat, without inordinately weakening Silicon Valley economically.**
- **Nevertheless, there is still agreement and room for mutual inspiration. Europe is able to indirectly exert influence with its own tech policy. The European model of internet and the local legislation that's derived from it could inspire other democratic countries (e.g. GDPR, Digital Services Act, etc.), including the U.S. In 2018 the GDPR, for example, led to similar [privacy legislation in California](#), which, in one fell swoop, gave forty million Americans the right to request their data, correct it if necessary and prohibit its sale to third parties.**