High Tech Regulation and Your Investments

By www.ProfitableInvestingTips.com

The tradeoff between free speech and social responsibility may come to roost on high tech this year. How will high tech regulation and your investments do? Donald Trump is furious because Twitter closed his account for good. Parler was closed down by Amazon who terminated their hosting services. Concern has been growing for some time about the controlling effects of big social media companies and high tech on our lives, civil discourse, and freedoms. The new Congress may very well take up these issues in consideration of regulating or breaking up high tech companies.

Trump Capital Assault

It has become apparent that there was a huge amount of “chatter” on the internet building up to the demonstration and subsequent attack on the US Capital by Trump supporters who wanted to keep Biden from assuming the Presidency and keep Donald Trump in office. There is already a huge amount of fallout in regard to authorities not anticipating what happened. This event will probably be a focal point when investigations move forward. But, the underlying issue for many is the huge power that social media has gained in the USA and the world. The basic discussion will be how much oversight is needed in this new realm of public discourse and how much needs to be allowed to flow without discouraging free speech. We expect to see the comparison to calling “fire” in a crowded theater to be used when discussing what is free speech and what is incendiary.

Regulation versus Breakup of High Tech

The concerns about the effects on society by tech-driven changes in communication have gone hand in hand with concerns about high tech monopolies that exert huge control over their sectors. *The Conversation* discusses the rationale for breaking up big tech companies.

> *The chief executives of Amazon, Apple, Facebook and Google testified before Congress on July 29 to defend their market dominance from accusations they’re stifling rivals. Lawmakers and regulators are increasingly talking about antitrust action and possibly breaking the companies up into smaller pieces.*

The author points out that today’s big tech companies are not the old Standard Oil that was broken up because it controlled the majority of oil production, refining, gas stations, and more. Tech moves so fast that other companies could supplant today’s leaders as technology changes. The bigger issue is data and how big tech gets users to “pay” for cheap or free services by giving up more personal data than they should have to.

Another issue is the projection of national influence across the globe allowed by US tech companies in competition with their Chinese counterparts. The US national security apparatus will probably oppose any major breakup as threatening long term US defense and security needs.

Nevertheless, there will probably be pressure to do some sort of breakups of big tech and investors should be aware of the risks.

Regulation is another issue as discussed by PWC is likely to come due to the huge access to data by these companies and their importance in societal discourse and safety. Those companies that pay attention and become part of the solution will survive and flourish.

> *Scrutiny of the tech sector continues to intensify. Policymakers are likely to address concerns over antitrust, data usage, consumer privacy and content moderation, among other issues. With their concentration of superior talent, vast troves of data and transformative products, tech companies are well-positioned to propose regulation that advances innovation and growth. To be part of the solution, however, they must proactively collaborate with peers, policymakers, consumers and other stakeholders to ensure participatory regulation that benefits all stakeholders. They must also embed government relations into their overall strategy.*

Regulation will come and those who prepare will likely not get hurt, nor will their shareholders.

High Tech Regulation and Your Investments

There are two issues hanging over share prices of big tech these days. The first is the collection of market forces that bring about a substantial correction. These include a healthier economy and higher interest rates and renewed vigor of the travel and hospitality industry drawing investors into opportunities there. Tech has been highly priced because it keeps making money but also because investors don't see anywhere else to put their money. A perceived threat to their collective earnings could trigger a sell off.

The other issues are regulation and breakup and these issues will have two effects. One is that the threat of breakups or huge regulatory changes may cause a shift in the market. The other is that if such events come to pass they could drive investment values down or up. For example, when AT&T was broken up, anyone who kept their resulting shares in the baby bells ended up with more value. Because the infrastructure was in place, the baby bells were making money from day one. This could also be the case with a breakup of Alphabet, Facebook, Amazon.com, or Microsoft.

Our opinion is the national defense establishment will stand in the way of anything that is perceived to threaten US national security interests and that will slow down or even block any major changes until such time as China is not seen as a threat (never).

For more insights and useful information about investments and investing, visit

www.ProfitableInvestingTips.com.

Free Weekly Investing Webinars

Don’t miss these free training events!

http://www.profitableinvestingtips.com/free-webinar

Forex Conspiracy Report

Read every word of this report!

http://www.forexconspiracyreport.com

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

http://www.candlestickforums.com