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Capitalism and Control: An Examination of Capitalist Trends against Consumers

1. Introduction

In 2015, the Federal Communications Commission voted to officially approve of the terms of “Net Neutrality;” a concept that the internet should be treated as a public utility with rules set by the Commission determining how broadband internet companies can sell their utilities. Net Neutrality also supports the freedom of information on the internet in addition to preventing a single company from charging various customers differently for variable internet speeds. Unfortunately, there is still the looming concern of the Commission distancing themselves from that decision. In 2003, Congress enabled the FCC to relax media regulations consequently enclosing market control of non-internet based media to a small number of corporations. There is a similar scenario in this day and age where most of the market for broadband internet in the United States is under the control of a handful of corporations such as Time Warner and Comcast. Thus, the issue of Net Neutrality remains. It is vital to regard the potential issues that rolling back these policies could cause. Especially in an age where so much information is concentrated within numerous companies thanks to the impact of Big Data processing. As broadband companies effectively control the internet’s flow of information by owning the physical wires that carry that information, they have the greatest potential gain if they were able to act as a middle man to it. They are unable to do so under the current Net Neutrality

policies. With this potential outcome of deregulation of broadband internet by the Federal Communications Commission and the continued marginalization of that executive branch, we have to turn our attention to the potential future of electronic media. And one question we have to address going forward is how electronic privacy is being eradicated. To answer that we must address common trends surrounding the internet and electronic information.

This article will be covering a number of debates over years. A number of studies have been done on the nature of privacy and its place in the modern world as we move forward in the digital age. One study called "The Privacy-Innovation Conundrum" by Ted Zarsky argues for the existence of a tradeoff that policy makers have to make between favoring innovation and hurting privacy or favoring privacy, but reducing the incentive to create new ideas¹. This argument makes a great deal of sense if we view information as not dissimilar to money. However, it leaves open interpretation for how policy makers are to proceed. There is also the discussion of how Net Neutrality should be approached from an economics perspective. On one side of the debate, researchers argue that the market for broadband internet is in fact a two-sided market, and thus regulating the market would be inefficient to the goal of society. The other side argues that the internet bears resemblance to the electric grid as a utility application, thus not regulating broadband internet would cause inefficiencies in the innovation space of the internet. Another debate that this article will cover is the nature of exploitation that companies like Facebook and Google engage. One side of the debate argues that Facebook is company that explicitly exploits all the information that is provided to the consumers without appropriate compensation while the

¹ Ted Z. Zarsky, "THE PRIVACY-INNOVATION CONUNDRUM." *Lewis & Clark Law Review* 19, no. 1 (March 2015), 115-168. *Academic Search Complete*, EBSCOhost (accessed August 24, 2016).

other argues that the service of Facebook and Google as information aggregates serve as good compensation.

What we can expect from the future of electronic privacy is simply to expect less of it at all. The system of Capitalism that is emphasized by the United States and worldwide is also the system that intrinsically promotes the increasing encroachment of electronic privacy by businesses. As a result, consumers would implicitly take on more risk to their general security. Said risk can come from hackers, identity thieves and potentially even aggressive businesses as they pursue higher margins and profits and attempt to exploit the consumer. However, it is important to note the nature of the internet as a tool for the aggregation of information. In spite of the attitude of information sharing that spread over the decades as an incentive for aggressive companies to act the way they do, the internet was intended as a vital tool and started by the National Science Foundation (NSF) to create a more efficient information sharing system in the Cold War era. In contrast to this goal, the potential problems that any sort of deregulation of Net Neutrality could bring is extremely concerning as it would take advantage of the problematic elements of the internet in how it naturally exploits the privacy of millions of individuals. In doing so, this action would emphasize the Internet as a capitalistic tool for businesses like Comcast and Time Warner before the creative tool it was intended to be for millions of individuals.

By recognizing this pattern, we can encourage political action and awareness going into the future about how the information of consumers is used. Capitalism functions properly by the government stepping in correctly to adjust the damage done to consumers and the quality of the life in the country. However, this process cannot begin on a political or social level without recognizing the issue and the trends that underscore it. Identification is the first step to correcting

an issue in the long term. If we can succeed in spreading this information, action on privacy laws and more careful regulation can be encouraged. This in turn will reduce the risk to consumers in the long term and we can continue to benefit as much as possible from the wonders that the digital age can offer us. As much as information can be used to harm, it also can be used in service of allowing others to help themselves.

This Article will first cover the initial privatization of the internet from its origins in the NSF government programs. This is to highlight the initial transition to an electronic society that shares tremendous amounts of information and how this structure was first born out of the natural desire for efficiency, which in turn greatly increased the information available to single individual at any given time. This period also birthed the attitude that shaped the information sharing that pervades the issue of privacy for companies that utilize the internet. The article will then transition to social media sites as information aggregates, which under the system of Capitalism, are incentivized to collect and manipulate the electronic information of millions of consumers. Finally, this article will cover the future possible impact that deregulating broadband internet would have on the privacy of consumers. Specifically, how the corporations like Comcast and Time Warner would utilize the information collected on the Internet to hold that information flow to their own monetary gain. This would demonstrate the possible impact that the continuously decreasing privacy on the internet could have on consumers and aspiring entrepreneurs in the future.

2. Background Information

Most of the issues that underlie the internet from content providers like Facebook, and broadband internet companies like Time Warner are due to the coalescing development of various behavioral factors. These actions are predicated by different events in the history of the

internet as well as the natural state of humans as predicted by economic theory. If policies that support and continue to support the freedom of the internet as an entity, as well as the more careful use of data that flows on the internet, it is important to explain these issues in depth. Not exposing these issues could leave them unchecked and as result, the cost and the overall financial risk to consumers would increase in general.

One of the concepts that this article is the classical theory model of economics. Under classical theory, firms and society have incentives to gain as much as they can from the resources they have. This is known as efficiency, and is the goal of every society. The key to pursuing maximum efficiency for a number of firms is tied to the amount of information they can obtain. The more information a firm can get about its consumers and audience, the better it can target those people with different prices ala price discrimination or more attractive advertising. Both of these goals have a tendency to reduce the marginal benefit consumers can gain from a given item they can purchase. Firms are thus able to exploit the consumer by absorbing the marginal benefit that they would receive from the purchase of a product; which is the difference between the maximum price consumers are willing to pay for a product and the actual price paid. As a result, the provision of information from sites like Facebook enables firms, access to tremendous amounts of data about the consumer regardless if it could cause the consumer to take on unnecessary risk. So in greater terms, information is essentially money to be earned and firms will pursue methods of information obtainment however they can. This process then fuels the incentive for firms to push consumers to give up more and more of their information over time even if they do not realize it initially.

Another model covered is Karl Marx's Labor-Value Theory which argues that the value of an item is not determined by the amount of pleasure that the consumer of that item gets, but

rather the amount of labor (determined in hours) demanded by society to produce that item. This term will be important to connecting the exploitation of consumer privacy in this market to the economic incentive that businesses have to achieve their individual maximum efficiency.

This article will also address a number of definitions as well as the school of critique that we will proceed with going forward. The most important term to be defined is “capitalism”.

According to the New Palgrave Dictionary of Economics,

“Capitalism is best viewed as a historical ‘formation’ distinguished from formations that have preceded it, or that today parallel it both by a core of central institutions and by the motions these institutions impart to the whole. [...] Both Smith and Marx stressed the importance of the expansion of the commodity form of wealth. [...] Marx described the accumulation of wealth under Capitalism as a circuit in which money capital was exchanged for commodities, to be sold for a larger money sum in a never-ending metamorphosis of M-C-M’. [...] Its roots lie not so much in conscious motivations as in the gratification of unconscious drives. [...] From this point of view, Capitalism appears not merely as an ‘economic system’ knit by the appeals of mutually advantageous setting in which the pursuit of wealth fulfils the same unconscious purposes as did the pursuit of military glory”².

This article will be applying both concepts and criticisms found from the Classical Model of Economics as put forth by Adam Smith’s “Wealth of Nations” and the Marxist School of Criticism. Under these lenses, this article will examine the system of incentives that Capitalism has in place in order to encourage the encroachment of privacy.

As this article will be examining social networking sites like Facebook, it will be operating under the definition set by the Merriam Webster Dictionary which is “an online service or site through which people create and maintain interpersonal relationships”. Facebook is currently the largest Social Networking platform in the world and as such will be the primary site of examination. Since sites like Facebook are connected with the larger trend of Big Data, a

² Robert L. Heilbroner, Steven N. Durlauf, and Lawrence E. Blume. "Capitalism", *The New Palgrave Dictionary of Economics* 2008, 688-689, Print.

definition is needed there as well. In this case, Big Data is defined as “extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions”³. In addition, as the article will be covering the potential impact of deregulation of broadband internet on privacy, a definition will also be needed for Internet Neutrality. “Net Neutrality posits that Individuals who pay similar rates to an ISP for access to the Internet should have similar access to all legal content that the global internet offers and that content should travel over the network at the same rate. The ISP is supposed to neutrally apply access to the internet without for example blocking certain content or slowing down certain applications”⁴.

3. The Beginning of the Internet: Its Ideals and Attitudes

One of the most important sequences in the history of privatization was when the various networks were connected together across the country. The impact for sharing information was massive and cultivated a mindset that the more information was available on the internet, the better it was for society. “The NSF’s plan altered the structure of data exchange among backbone firms. This was the most technically challenging piece of the plan, and, in comparison to the casual discussions prior to 1991, also the aspect that underwent the largest change. [...] There was no precedent for operating a commercial carrier service on a national scale with many data-

³ Merriam Webster Online, Accessed August 15, 2016, <http://www.merriam-webster.com/dictionary/big%20data>.

⁴ Adam Holofcener, "Net Neutrality Besieged by Comcast Corp. v. FCC: The Past, Present and Future Plight of an Open Internet." *Journal Of Business & Technology Law* 7, no. 2 (June 2012), 403-424. *Business Source Complete*, EBSCOhost (accessed August 15, 2016).

exchange points”⁵. The sheer scale of the project was tremendous; a new set of information transfers was set to begin and the result was tremendous for the process of privatization both for the companies that relied on the network for their business and companies that were interested in making control of the internet wires their business. Both of these elements coalesced into the issues that we faced today with Net Neutrality and the encroachment of privacy.

The internet in its infancy was effectively a “wild west” of sorts. But towards the ends of privatization, a handful of corporations controlled the industry and thus trended towards the monopolizing sections of the internet. “As the internet entered the market, ISPs moved toward models that diversely and completely monetized their product while excluding competition.”⁶ The NSF eventually transferred over the rights to the wires that governed the networks that would become the internet to private entities. At first many of these entities were smaller and only had control of small portions of the internet. Thus, under the system of Capitalism, this was acceptable. Competition would ensure that the networks would continuously increase in speed over time, and that consumers would not be charged at higher than market price rates. However, the trend toward the congregation of many of these networks of wires into huge entities spanning hundreds of square miles across the United States changed the nature of this competition. Effectively, these ISPs now had significant control over the market and the pricing of market, leading to pressure on consumers because of their market power. However, one idea would prevent these companies from exercising their power over the business side of internet for those who wished to utilize the internet to create new products.

⁵ Shane Greenstein, *How the Internet Became Commercial: Innovation, Privatization, and the Birth of a New Network* (Princeton: Princeton University Press, 2015), 87.

⁶ Holofcener, "Net Neutrality Besieged by Comcast Corp. v. FCC," 405-406.

It important to recognize the influence of government on the internet sector. The internet was developed with a particular aim of consolidating the electronic information in the government's possession. However, "by the 1980s, government involvement would begin to taper off its involvement in technology. As Reagan privatized other government businesses, the federal government also began downsizing its role in overseeing the structure of the Internet and supported private corporations as they ventured to take it over"⁷. The internet was created as means for the NSF to share vast amounts of information among its scientists. This specific goal eventually cultivated a particular mindset among the companies and individuals that utilized the newly born internet. Regardless of the intentions of the NSF, the root of the internet's creation was efficiency, and efficiency under capitalistic terms leads to "selfishness" on the part of companies.

Net Neutrality was one of the most important ideas to come out of the period of privatization of the internet. While the system was under the NSF's jurisdiction, the goals of the project was that of sharing information efficiently. Thus, "The smooth and unencumbered transfer of information was important because the internet was built from the ground up by its users speaking directly to one another and building off each other's creations."⁸ All of the workers needed to have as much information as each other simultaneously so that they could work with each other. Thus, the restriction of information in any way was counterproductive to the goals of efficient information sharing. This idea carried into the businesses that then were built to take advantage of the internet's nature as a utility not unlike water or electricity.

⁷ Victoria Barenetsky, "Social Media and the Internet: A Story of Privatization." *Pace Law Review* 35, no. 1 (Fall2014 2014), 304-343, OmniFile Full Text Mega (H.W. Wilson), EBSCOhost (accessed September 2, 2015).

⁸ Holofcener, "Net Neutrality Besieged by Comcast Corp. v. FCC," 405.

Companies like Google thrived off the development space they were afforded because the attitude of Net Neutrality allowed them to expand without concern of being restricted by the speed of information. However, in spite of the creative elements that blossomed over this time period, we cannot forget the nature of business within Capitalism, and that it that they seek to maximize their individual efficiency even if it comes at a cost to others. The attitude of “sharing as much information” regardless of the cost was cultivated at this time period. No one would realize the consequences that an attitude in the business and academic space would be consequential when the internet was eventually introduced into the public space during the process of privatization.

The current government significantly utilizes the internet for its own goals, resulting in a key relationship with the private sector that helps to explain why the internet is used as a means to encroach on the privacy of consumers within the system of Capitalism. The origin of the internet as a security platform for connecting the information of the various departments of the government is also an important detail when examining its future place in privacy for the public as a whole. “At the height of the Cold War, in 1945, the government developed a defensive military strategy that involved government funding of technology and engineering to overcome new age warfare President Franklin D. Roosevelt had come to realize that just as air power was the alternative to a large army; that technology, by corollary, was the alternative to manpower.”⁹. The lesson here is that, despite the privatization of internet, it is also important the note government interests in the internet as a means to share information. Government seeks information as much as companies do in pursuing their monetary interests. This interrelationship is at the heart of why privatization is able to continue without much government concern. They

⁹ Baranetsky, "Social Media and the Internet," 315.

benefit from the information that the internet and information congregates in the form of companies like Facebook bring. This ties into Facebook's incentive to encroach on privacy, in spite of its own image as a company that promotes the individual's ability to control the presentation of their information.

4. The Exploitation of the Consumer by Content Providers

The end goal of Big Data and information aggregate sites like Facebook is simply to gain as much profit as possible, regardless if it increases the risk or damage to the consumer. This relationship is also intrinsically tied to the government as shown by the Snowden's release of classified documents. This action revealed the vast extent of data that the government collects on its citizenry through the NSA and various businesses. This interrelationship between firms and government is very much a key element of the 'formation' that is a significant part of the system of Capitalism that we hold to this day. By extension, the escalating trend of Big Data is merely a smaller trend that is influenced by the system of Capitalism that we have used for centuries.

As of 2016, Facebook's active user base had passed 1.71 billion active users. By comparison, the number of people on the planet has nearly reached 7.5 billion individuals. More than a fifth of the whole planet is actively engaged in one of what we now call social networking sites, sites where people electronically share opinions and ideas about news and events worldwide; sites where we can keep in touch with people hundreds of miles away; sites where we can potentially make a single mistake, and share the wrong piece of information, ruining the career of an individual. Social networking sites and similar massive hubs of information are going to be key to businesses and individuals' successes in the future, but there are numerous

risks when so much information is available especially when there are established incentives in the capitalist system for businesses to manipulate data for their own gain.

The business model that Facebook employs encourages its users to share as much information as possible. As such, social networking sites function not only as methods for people to connect to one another electronically, but also as an information aggregate that deals in electronic details for firms. This sort of business model encourages sites like Facebook to directly manipulate the data we provide and be as discreet as possible so that the user is unaware of how the information provided on their page is used. Consequently, social networking sites act as a major tool in the capitalistic system in order for firms to better price discriminate, and thus reduce the marginal benefit for consumers overall.

Within Facebook, massive caches of information are stored in servers. On the site, the user is able to select several privacy options to control who sees what they post but there is but one caveat. All the information that gets posted on the site is not hidden from Facebook organizationally. Thus, anything that actually gets posted on Facebook is no longer just the property of the original owner. A copy of that very post is stored in Facebook, easily accessible at the company's leisure. This is just the case for one individual and within even that, a single photo. Now it is said that a picture is worth a thousand words. How many words are floating about when you factor in the 1.71 billion active users on Facebook alone? All of those words, all the data that those words and pictures make up is under the jurisdiction of a single company. And certainly, Facebook did not simply let that valuable and accessible data sit as in their servers. "Social media companies have changed their business models from passive data collection to actively conducting experiments on users in order to collect more information. In June of 2014, Facebook 'disclosed that it had tested to see if emotions were contagious [by] deliberately

manipulating the emotional content of the news feeds for 700,000 people”¹⁰. This action of changing and manipulating data shows the key role of information in the ability to sway opinions in addition to the capital that it provides when Facebook partners with other companies to “connect” appropriate companies with the right consumers. While the experiment was eventually disclosed, it reveals a frightening truth: our data which we regularly access may be intentionally placed there by Facebook in a bid to learn how to make more capital from us as consumers. After all, the uses for an experiment on emotions, the very tools that allow us to make proper judgement in the world to a company are almost strictly revenue associated.

The “experimented” are also seldom aware of the experiment performed on them, which begs the question: what else could Facebook attempt with all the data it has and the tools to attempt to experiment with that data? It is more than possible that Facebook would be manipulating that data in some fashion either by hanging settings or feeding information in specific ways. Indeed, a specific example of this occurring would be when “Facebook was said to have “deceived” its customers by “telling them they could keep their information on Facebook private and then repeatedly allowing it to be shared and made public”¹¹. While Facebook was eventually punished, the issue set a precedent over how the company can treat our data. Effectively by stating that it is not our data, it is on the servers of Facebook and the numerous networks of our world. Thus, Facebook can and has manipulated that information to maximize its own profits. For example, the addition of advertising to the new feed feature in 2013 coincides with their efforts of information gathering.

¹⁰ Baranetsky, "Social Media and the Internet," 308.

¹¹ Baranetsky, "Social Media and the Internet," 332.

The continued surveillance of its user base enables Facebook to be better able to connect consumers with matching deals on the firm size, transferring all the marginal benefit that would have been retained by consumers to firms, thus, reducing the consumer's overall wellbeing. Information aggregates like Facebook are tremendous in the power they can wield over our information. The risk is rather great and the benefit for Facebook is substantial considering that consumers are not aware of what they have entered themselves into. As Christian Fuchs, a researcher on the socialist angle of online services such as Facebook and Google, puts it.

"Privacy on Facebook means that Facebook should reveal what data the platform stores about its users, and users should be protected from Facebook's economic exploitation of their data. This requires a differentiated concept of economic privacy which distinguishes the roles of consumers, workers, and companies in a capitalist economy"¹².

The capitalist economy is the service that intrinsically promotes this obscene behavior of manipulating data of consumers. Facebook in spite of many of its actions is still able to escape with much of the information provided unwittingly by their user base, which can potentially threaten their security and thus by extension infringes on their privacy. However, Facebook in spite of its massive size, is only one such information aggregate. The overall trend of Big Data comprises so much more, transforming electronic information compilation into a strong but concerning business structure.

The influence of Big Data cannot be understated. In this digital age, it is the largest factor in how privacy and electronic information will be utilized. The power to process vast amounts of information and classify it faster than ever before is key to the future of countless research fields. However, as given by the definition of Capitalism, our economic system seeks the constant

¹² Fuchs, Christian, "The Political Economy of Privacy on Facebook." *Television & New Media* 13, no. 2 (March 2012), 139-159, *Film & Television Literature Index with Full Text*, EBSCOhost (accessed August 2, 2016).

expansion of wealth. Remember that Capitalism is not just a system to manipulate monetary elements, but also means to describe general behavioral elements. On a micro level, households and consumers hold the means to expand the revenue of businesses. Thus, Big Data increases speed out of the corporate incentive to determine consumer groups before the application of data to other research topics. While the benefit of Big Data is clear, the intention from the investment side is also evident. “Simpson of Consumer Watchdog says Big Data can harm individuals, especially if the information is erroneous or used to draw incorrect conclusions. Organizations can collect information from a variety of sources, then use it to ‘put together a profile about you that potentially could be used against you,’” he says. Analysis might conclude, for example, that ‘you’re probably a health risk because you go to all these sites about losing weight, and we can see you’re buying too much booze’¹³. What makes this statement concerning is that this spying on the consumer is incentivized. Insurance companies can charge higher prices, the more they can picture our behavior. Information is intrinsically tied into their revenue model as it determines how they can negotiate rates. Considering Insurance is so often a mandatory requirement as given by law, increasing the price of insurance universally can only reduce the standard of living overall for the average consumer.

Price discrimination is an active goal of the market because perfect price discrimination achieves maximum efficiency, and thus provides the maximum benefit to a small number of companies. In most cases however, perfect price discrimination is unfeasible which in turn causes a loss of value in the economy due to resources that end up going unused. Thus, the

¹³ Tom Price, "Big Data and Privacy." CQ Researcher 23, no. 38 (August 31, 2016), 909-32, <http://library.cqpress.com.libproxy.scu.edu/cqresearcher/cqresrr2013102500>

government has to step in to correct the market failure. How these steps are allowed to occur however is also included in sites like Google, which as Christian Fuchs elaborates,

“Google engages in the economic surveillance of user data and user activities, thereby commodifies and infinitely exploits users and sells users and their data as Internet prosumer commodity to advertising clients in order to generate money profit. Google is the ultimate economic surveillance machine and the ultimate user exploitation machine. It instrumentalizes all users and all of their data for creating profit.”¹⁴

Companies like Google are the key means for Big Data to impact the lives of the consumer. The insurance companies have to obtain their important data from the specific databases that research consumers like Google. This need for a business to fill a role eventually creates the existence of the supplier. Thus Google, as Fuchs describes, has a great deal to gain from the business model of selling the information of its users to other companies. This naturally occurs without the knowledge of the user in question and thus, they never realize that they are increasing their own risk by using an innocuous service. This overarching trend within specific companies like Google and Facebook is an issue that people will have to face down because the use of those services effectively transmits data to the whims of a company who does not necessarily have the best interests in mind of the consumer who provided initial information.

Under the definition of Capitalism, Companies seek to maximize their own individual efficiency, not the efficiency of society as a whole. Fuchs once again provides a description of this behavior, framed in the perspective of Labor-Value Theory. “Internet corporations are an example that show that corporations benefit from the exploitation of free labor that creates commons such as culture, knowledge, education, care, social relations, networks,

¹⁴ Christian Fuchs, 2012b, “Google Capitalism.” Triple C: Communication, Capitalism & Critique 10 (1), 42–48, <http://www.triple-c.at/index.php/tripleC/article/view/304/330> (accessed February 23, 2013).

communication, etc.”¹⁵ Fuchs describes the attitude of sharing information that was cultivated during the internet’s cultivation and privatization period. That attitude combined with the natural forces of Capitalism ultimately leads to a natural state of exploitation of consumers in a world where data is so readily collected. Big Data is a means of increasing that efficiency and creating a niche of information obtainment from the consumer in order to better manipulate them. Big Data was another step in the line of major data restructurings from the printing press to the internet. The incentive to invent new tools is given by the universal desire to achieve greater efficiency. As sizable a step that Big Data is, it is no exception to this rule and the consequences on privacy and the potential wellbeing of consumer is alarming.

5. An Examination of the Wire Owners

The impact that the potential deregulation of broadband internet may cause, considering the availability of all the information that currently exists is potentially enormous. A company that controls the flow of information on the internet itself has arguably the most to gain from existing internet data. Considering that Broadband internet has largely been consolidated into a handful of companies that do not tend to overlap in terms of coverage, the potential deregulation of Net Neutrality in tandem with the amount of information on the internet due to electronic information aggregates like Google and Facebook would consequently allow them to price discriminate extremely efficiently and thus stymie a great deal of innovation on the business end with minimal if any benefit to the consumer. If anything, the consumer is likely to have to suffer

¹⁵ Christian Fuchs, 2012, "With or Without Marx? With or Without Capitalism? A Rejoinder to Adam Arvidsson and Eleanor Colleoni." *Triplec (Cognition, Communication, Co-Operation)*, Open Access Journal For A Global Sustainable Information Society 10, no. 2, 633-645, Communication Source, EBSCOhost (accessed August 4, 2016).

from the deals that companies will be forced to organize with the broadband internet companies in order to maintain their appropriate speeds.

The crux of the argument of what is most efficient for the society as a whole is defining what kind of good the internet actually is. Some like:

“Tim Wu, a professor at Columbia Law School, compared the internet with another network, the electric grid, whose providers offer a neutral experience to its customers. As Wu stated, ‘the electric grid does not care if you plug in a toaster, an iron, or a computer’. The Customer is not precluded from using the electric grid for any legal purpose after that customer has paid to use the grid. The internet does differ in some key aspects from the grid such as its inception and its development, but these facts reinforce the internet’s heritage as a network neutrally applied to its users and content.”¹⁶

Effectively, the internet is a public utility much like electricity, thus turning over near complete control of the industry over to the companies can only hurt the ability of those who need to make use of the service. Considering that the internet for a significant number of people is a necessity to function in their daily lives with the prevalence of sites like Twitter, Google and Facebook. Others like Dennis Weisman argue that the Market is in fact a "Two sided Market" made up of individual users like you or me and content providers like Google, Netflix and Facebook. This then introduces the "seesaw principle" which means that if broadband companies increase the price on the content provider end, the consumer end with consequently decrease in price and vice versa. According to Weisman, “a ban on paid prioritization over broadband networks essentially requires consumers to pay the full freight. The FCC is therefore in the unenviable position of having to justify a policy to regulate broadband that is distinguished by being both economically inefficient and socially inequitable!”¹⁷ However, Weisman and his contemporaries do not answer what kind of good that internet itself is which is important to define if we are to determine if Net

¹⁶ Holofcener, "Net Neutrality Besieged by Comcast Corp. v. FCC," 404 - 405.

¹⁷ Dennis L. Weismann, "The Political Economy of Net Neutrality Regulation." *Economists' Voice* 12, no. 1 (2015), 13-18. EconLit, EBSCOhost (accessed August 2, 2016).

Neutrality is ideal. If it is in fact, close to a public utility like electricity, private companies like Time Warner would cause externalities within the marketplace.

Defining what kind of good the internet falls into can be broken up into two main aspects, whether you can easily exclude someone from participating in the market, and whether a consumer's use of the produce detracts from another's use in a sizable manner (which is known as rivals in consumption). Since Cable Companies physically own the cables needed for the internet to function, it is safe to say that the Internet is "excludable;" companies can feasibly prevent most people from using their good if they do not pay for it. However, the second half of defining what kind of good the internet is gets fuzzy. The broadband companies argue that because there is a limited amount of cables, there is a present rival in consumption. But companies and individuals argue the opposite. Which means that the internet is both a Private good, and thus regulation is generally a bad idea for achieving maximum efficiency, or it is a Club Good and thus some regulation is needed given that the product is a necessity for the society to function. Given the historic success of Net Neutrality, the latter argument is stronger. Thus, some regulation is definitely needed in order for the internet to have its creative potential exploited and Net Neutrality is ultimately good idea for achieving efficiency for the society as a whole. There is a reason that "[The NSF] could not [...] just hand [the network] over to IBM, MCL, or any other organization firm operating the internet backbone. Several other firms also had staked out commercial positions, and they did not want the transition to provide IBM or any other insider with a competitive advantage in the soon-to-arrive competitive world where NSF no longer played a role¹⁸. The creators of the internet did not entrust absolute control over the

¹⁸ Greenstein, *How the Internet Became Commercial*, 73.

internet for a handful of companies for fear that it would stifle growth. Considering what kind of good the provision of the internet is, perhaps they had the right instinct.

Capitalism often speaks of constant cycles of booms and busts, but the trend overall is mostly upward in regards to the pursuit of higher efficiency. As technology advanced from the basic networks to massive data compilations, efficiency was intrinsically tied to the information that a company could obtain; the more they, the companies could obtain the better they can conduct business efficiently. This was the eventual result of the privatization of the individual networks set up and eventually connected by the NSF. The whole existence of the internet is traced to the desire to share information and improve the speed of communications. While this had a profound impact on research and development, the connection of increased information availability to increased efficiency and revenue became an incentive for privacy encroachment. The infringement of electronic privacy became an inevitability crafted from the natural incentives in place by the economic system. In this process, social networking sites like Facebook became the massive tools used to achieve greater and greater efficiency for businesses. The potential deregulation of Net Neutrality can result in the potential consequences of the available information of the internet bearing fruit. Consequently granting corporations tremendous control over the information we can consume.

6. Conclusion

How our information has been used by others will always be a concern to us. We worry for the consequences that the relatively high availability of information can bring us. But there are tremendous benefits to the fact that so much information is available. Thus, the first step to reckoning with this future of less and less privacy is not to simply abandon all the strides we have made, but instead to grant people the knowledge as to where their information is going

more efficiently. Thus, the promotion of policies that demand the release of how the information collected by companies is used would be a strong step in allowing the general consumer to better manage their own privacy and make better decision. The public should not have to jump through needless hoops for publicly traded entities that rely monetarily on their users' electronic information.

Ultimately, this article is an examination of the origin of a trend that is the seeming reduction in the privacy that came about when our society transitioned to be digitally inclined. It connects this particular trend with the overarching economic trends that we have known for centuries, and the capitalistic behaviors that were put forth by Adam Smith and Karl Marx. In doing so, this article also puts forth the potential ramifications that the combination of these trends could produce in the potential deregulation of Net Neutrality.

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