

1729

Lecture 6: Regulation is Information

Product quality is a digital signal.

Regulation is Information

1. The goal is life extension
2. The obstacle is harmonization
3. The non-Solution is no regulation
4. The solution is decentralized regulation

Our goal is not 0 regulation.

It's regulation 2.0.

The Goal is Life Extension

We want to get to life extension. How?

TECHNOLOGICAL PROGRESS

The Purpose of Technology

If the proximate purpose of technology is to reduce scarcity, the ultimate purpose of technology is to eliminate mortality.



BALAJI SRINIVASAN

19 JUL 2020 · 5 MIN READ



Tech is not the limiting factor

Biomedical science is much more advanced than people think.



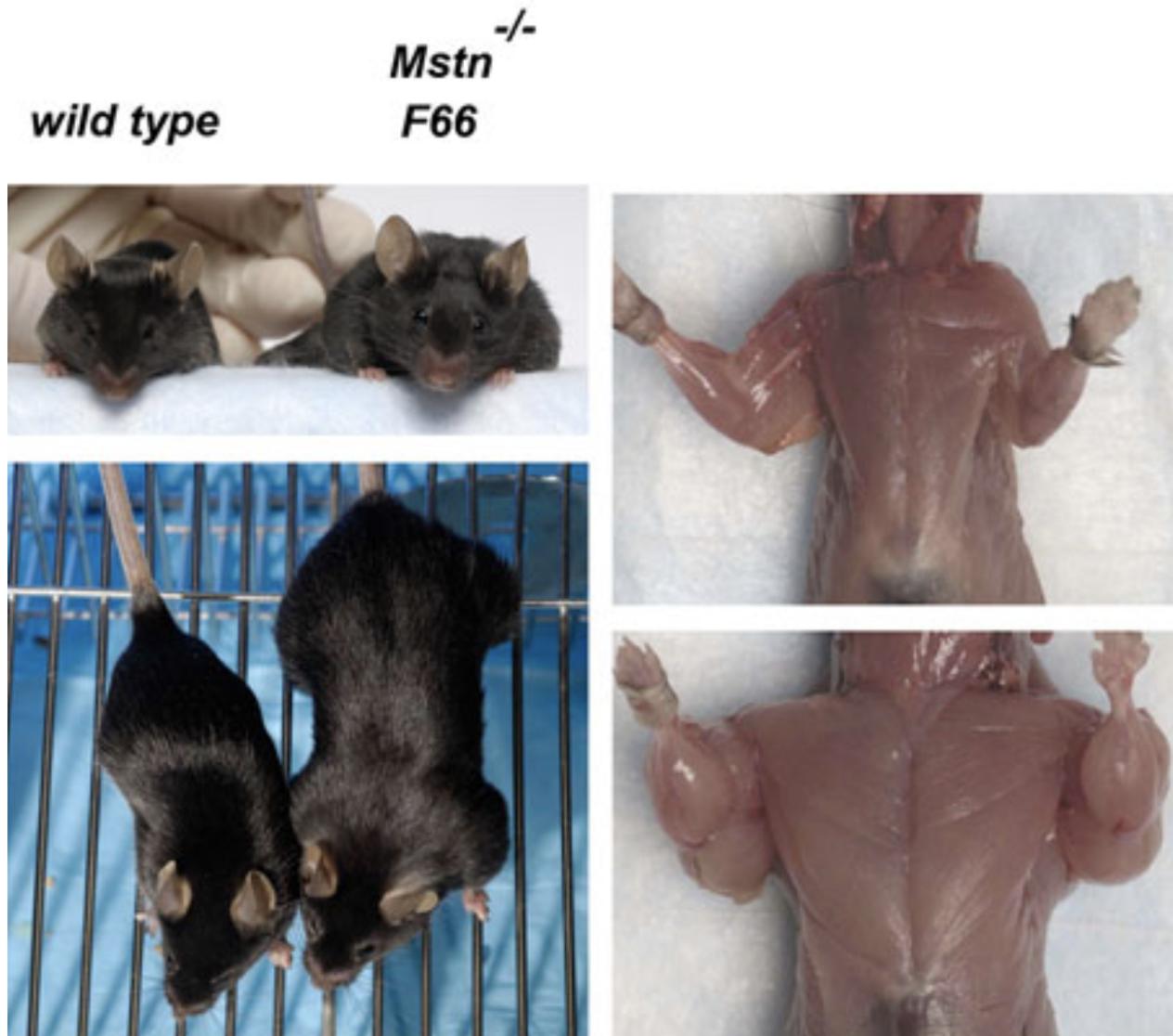
Tech is not the limiting factor

Biomedical science is much more advanced than people think.



Tech is not the limiting factor

Biomedical science is much more advanced than people think.



Regulation is the limiting factor

Many examples in the this PDF (from 2013).

Regulation, Disruption, and the Technologies of 2013

Overview

Perhaps the most common critique of the technology industry today is that too much money, ability, and energy is focused on social games, photosharing, advertising, todo lists, and the like. Some critics harken to [a past](#) where the Valley invested in tangible breakthroughs in PCs, semiconductors, and networking, [others](#) can't find much positive to say about technology in general, and generally many people feel that the Valley is now suffering from a failure of imagination ([1](#), [2](#), [3](#), [4](#), [5](#), [6](#)). A related and overlapping critique is that an innovation slowdown has occurred. This thesis has been most prominently advanced by Tyler Cowen in [The Great Stagnation](#) and by Founders Fund. While Cowen points to the macroscopic plateau in [Total Factor Productivity](#), FF makes the empirical case for technological slowdown via three concrete examples in [What Happened to the Future](#):

1. The travel speed from NY to London has actually decreased, with the retiring of the Concorde.
2. The cost of approving a drug has soared precipitously to \$3-4 billion.
3. The cost of electricity in cents-per-kilowatt-hour has actually increased.

Let's pull these observations together and see if we can advance a causal hypothesis. Is there some kind of force that is discouraging future entrepreneurs from working on substantive problems, especially in the physical world, despite their large market size? Or is it simply a question of a lack of ideas or bravery on the part of Silicon Valley?

Gaining Context

Before we answer in the abstract, let's begin with an assemblage of news clips to set the stage, a bit like Nicholson Baker's [Human Smoke](#). There are quite a few of these, but by the end you will have some context and perhaps some hypotheses as to what's going on.

Transportation and Lodging

A four year NHTSA ban on self-driving cars ([CS Monitor](#)):

The last few years have seen self-driving cars go from the stuff of science fiction to the scientific method. Real cars are really driving themselves on some roads, and many current or near-future cars offer some form of assisted driving already. But the National Highway Traffic Safety Administration (NHTSA) wants to ban them.

Specifically, regulatory harmonization

Harmonization is the process by which unelected, unfireable American regulators restrict global innovation by proxy.

The image displays three separate web pages side-by-side, illustrating regulatory harmonization through specific examples:

- U.S. Code (Screenshot):** Shows the text of 15 U.S. Code § 8325 - International harmonization, which discusses the establishment of swap entities and cooperation between the Commodity Futures Trading Commission and the Federal Aviation Administration.
- Federal Aviation Administration (FAA) Website (Screenshot):** Features a banner for "NextGen" and "International Harmonization", highlighting "Collaboration You Can Depend On". It includes links for Aircraft, Airports, Air Traffic, Data & Research, Licenses & Certificates, Regulations & Policies, and Training & Testing.
- U.S. Food and Drug Administration (FDA) Website (Screenshot):** Shows the "Vaccines, Blood & Biologics" section, specifically the "International Activities" page, which lists the PAHO/WHO Collaborating Center, WHO Cooperative Agreements, and WHO Vaccine Prequalification Program.

The non-solution is to "end the FDA", with zero regulation

Instead, exit the FDA by building a better alternative.



Balaji Srinivasan ✅ @balajis · Mar 15, 2020

Basically, like any monopolist, FDA hates pathways outside of it like:

- Right-to-try
- CLIA labs & LDTs
- Compounding pharmacies
- Off-label prescription by MDs
- Countries which aren't "harmonized" with FDA

Here's how they harass LDTs, for example:

thefdalawblog.com
Regulation of Laboratory Developed Tests by FDA:...
A warning letter issued earlier this year by the Food and Drug Administration (FDA) to Inova Genomics ...

3

57

247



Balaji Srinivasan ✅
@balajis

TLDR:

Can't end the FDA, that's impractical. Would be like "ending the Fed" by shutting down the dollar.

But we can certainly exit the FDA. Can be done instantly with expanded right-to-try at state level. Get Mayo, Stanford, Harvard, etc clearing things with local regulators.

11:00 AM · Mar 15, 2020 · Twitter Web App

18 Retweets 3 Quote Tweets 136 Likes



Balaji Srinivasan 
@balajis

...

How to exit the FDA: self-experimentation outside the US?

"Parrish is receiving two kinds of injections, which are administered outside the US: a myostatin inhibitor, which is expected to prevent age-associated muscle loss and a telomerase gene therapy"



discovermagazine.com

Liz Parrish Is Patient Zero in Her Own Anti-Aging Experiment

Liz Parrish Is Patient Zero in Her Own Anti-Aging Experiment

10:13 PM · Dec 14, 2020 · Twitter Web App

34 Retweets 14 Quote Tweets 322 Likes

The solution is to exit the FDA, with regulation 2.0

It is not sufficient to complain about the regulatory system. We must build a better one.

Fortunately, regulation is information

And that means it's in our wheelhouse
to reinvent.

Regulation is Information

PRODUCT QUALITY IS A DIGITAL SIGNAL

BALAJI S. SRINIVASAN

Regulation is Information

PRODUCT QUALITY IS A DIGITAL SIGNAL

BALAJI S. SRINIVASAN

Overview

- Tech is entering regulated industries
- Billions in value is being created...and tons of controversy
- Why is this happening? Because regulation is information
- New tech permits a higher quality of product quality information



U B E R

Ten years ago, few would have predicted that
taxi cab regulations
would be a key issue for the next billion-dollar businesses.



Ten years ago, few would have predicted that
hotel regulations
would be a key issue for the next billion-dollar business.



coinbase

Ten years ago, few would have predicted that
monetary policy
would be a key issue for the next billion-dollar businesses.

Yet that's exactly what happened

Startups that entered regulated industries created ultra-high-growth enterprises.



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news fix KQED's Bay Area news blog

City by City, Lyft and Uber Take on Regulators Jon Brooks | March 3, 2014

We've been covering the San Francisco-based ride-service companies Lyft and Uber for some time now, focusing on [questions related to insurance and safety](#). Taxi companies and drivers in the city have been irate since these firms started taking a noticeable chunk of their business. A 2013 decision by the California Public Utilities Commission to let the companies operate in the state under less rigid rules than the locally regulated taxi business did not appease cab

Forbes - [New Posts](#) +3 posts this hour [Most Popular](#) Amazon's Wholesale Slaughter [Lists](#) Global 2000 [Video](#) Wu-Tan

Joe Harpaz, Contributor
I analyze tax news for CFOs, Investors and business leaders.
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TAXES | 5/07/2014 @ 11:28AM | 4,245 views

Airbnb Disrupts Hotel Economy, Sends Regulators Scrambling

[+ Comment Now](#) [+ Follow Comments](#)

The “sharing economy” is not a new concept. Though companies like [Airbnb](#), [Relayrides](#) and [TaskRabbit](#), which let users share their homes, cars and chores, have become the darlings of the tech investment community in recent months, the idea of trading things you have for things you need traces its roots back to [Mesopotamia](#). Back then, of course, you were more likely to trade a goat for salt than cash for a weekend in a studio apartment in Manhattan, but the base idea hasn’t changed much over 8,000 or so years.

What is new is the ability to instantly form global markets that support this type of bartering via the Internet. With the Internet, innovators have been able to create hyper-efficient markets where availability of resources and

Here's What Fed Chairman Jerome Powell Thinks of Bitcoin in Today's Economy

By [Sissi Cao](#) • 07/12/19 12:01pm



Billions of dollars, and tons of controversy

The pushback is real, but so is the innovation.

BUSINESS NEWS FEBRUARY 15, 2019 / 10:03 AM / 7 MONTHS AGO

Uber posts \$50 billion in annual bookings as profit remains elusive ahead of IPO

Heather Somerville

5 MIN READ



SAN FRANCISCO (Reuters) - Uber Technologies Inc had \$50

billion in total bookings from 1,000 businesses last year, a test company as it prepares to file for stock listings to date.

BUSINESS NEWS MARCH 28, 2019 / 2:14 PM / 6 MONTHS AGO

Lyft valued at \$24.3 billion in first ride-hailing IPO

Carl O'Donnell, Joshua Franklin

5 MIN READ



(Reuters) - Lyft Inc was valued at \$24.3 billion in the first initial public offering (IPO) of a ride-hailing startup on Thursday, raising more than it had set off to do as investors overlooked uncertainty over its path to becoming a profitable company.

3,587 views | May 30, 2019, 11:45am

Marketplace Checklist: How Airbnb Built A \$35 Billion Business On Its Brand Strength



Mike Ghaffary Contributor

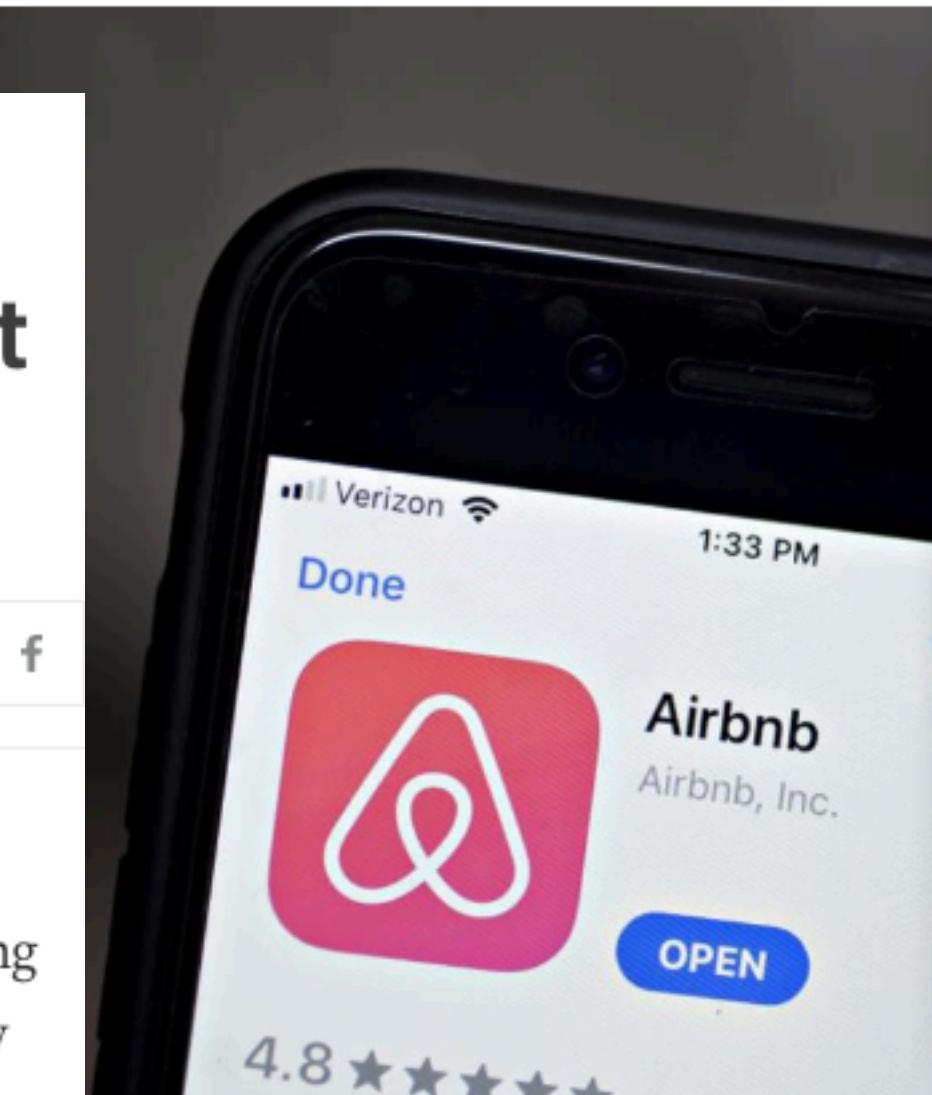
Consumer Tech

I cover consumer technology, software, and marketplace businesses

FINTECH OCTOBER 30, 2018 / 6:39 AM / A YEAR AGO

Coinbase valued at \$8 billion in latest fundraising round

2 MIN READ



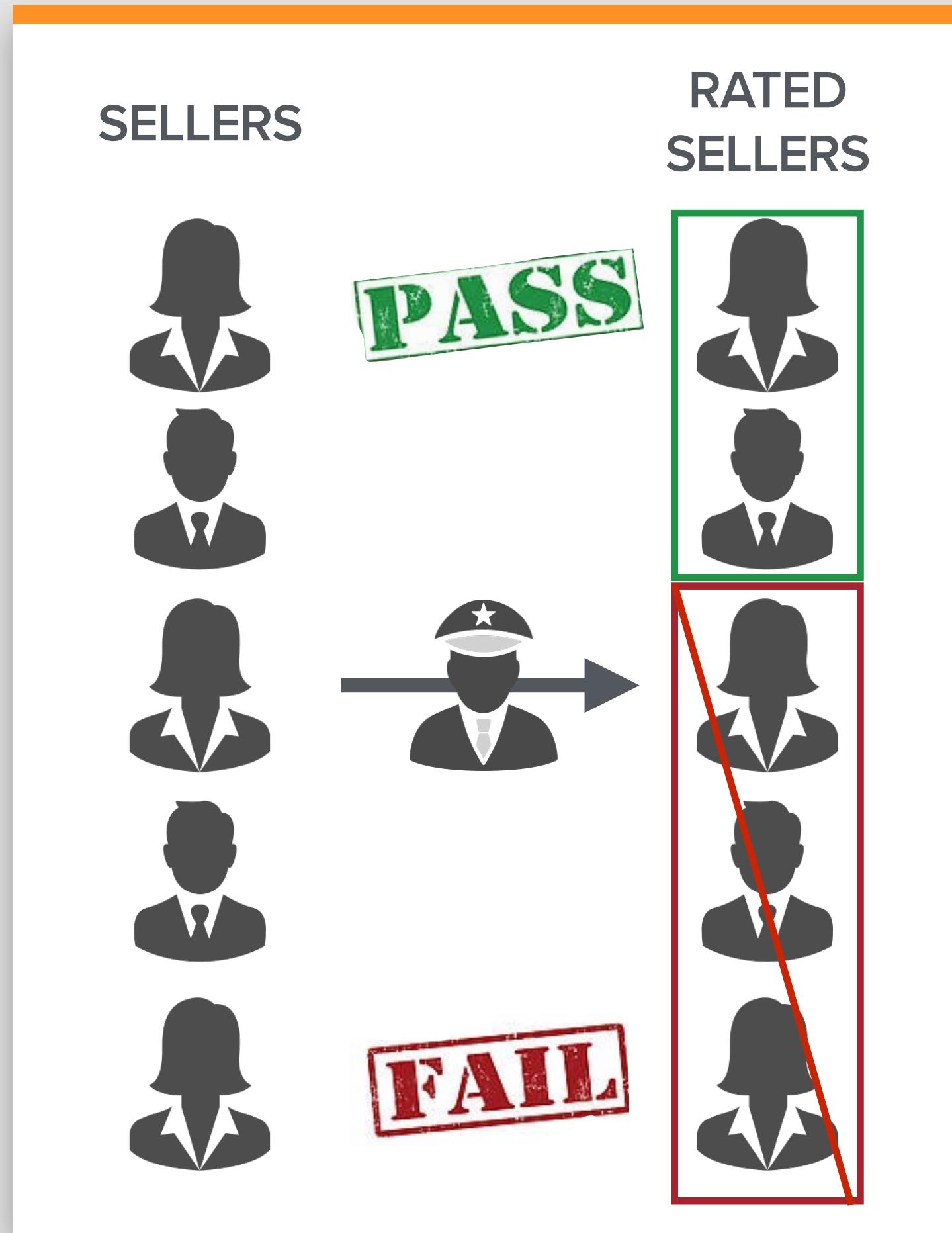
v Harrer/Bloomberg © 2019 BLOOMBERG FINANCE LP

- 1 Why is this trend happening now?
- 2 Why was regulation invented?
- 3 How is regulation being reinvented?
- 4 What could we do?

Why is this trend **happening now?**

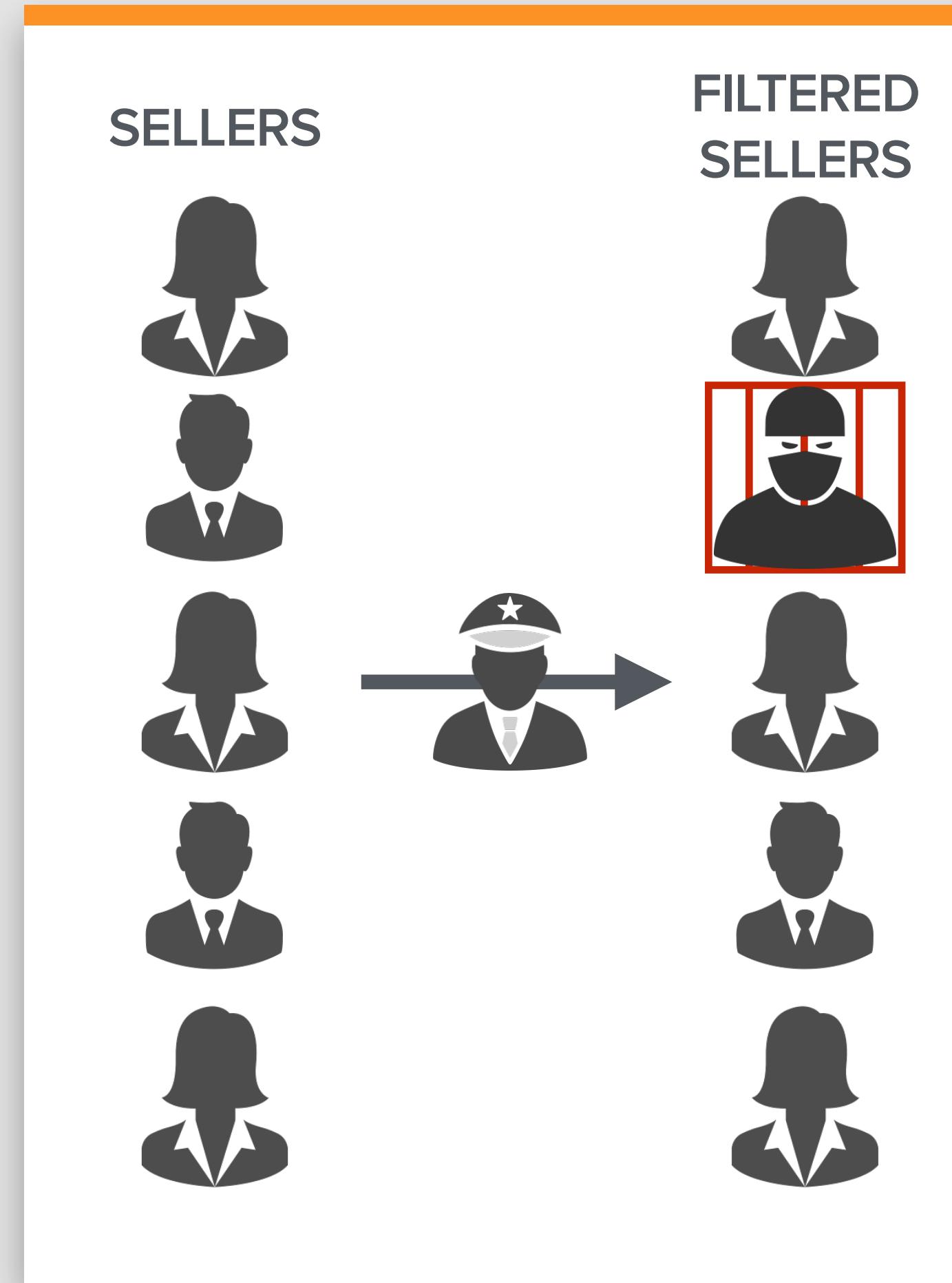
First, what is a regulated marketplace?

A regulated marketplace involves (a) some kind of quality rating and (b) a mechanism to filter bad actors.



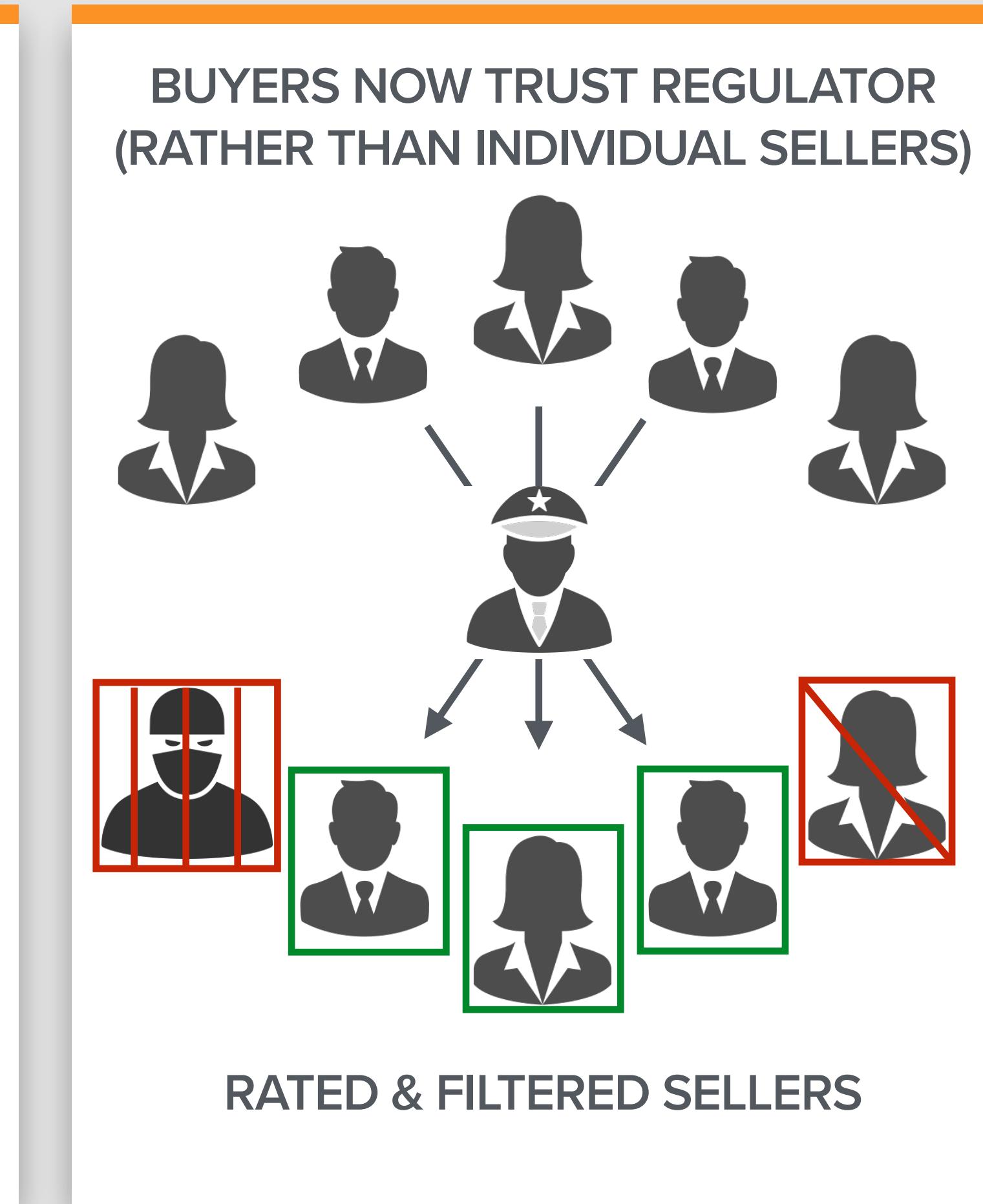
Quality rating

Well-intentioned but low-quality vendors should not be in market.



Filtering of bad actors

Separate category of malign actors also must be ID'd & filtered from market



A regulated marketplace

The result: pay fixed cost to evaluate the regulator, no recurring diligence cost

New technology is changing **the**
nature of regulated marketplaces

New technology has been a key prerequisite

The buildout of new infrastructure is changing local & state regulation today, national & intl. tomorrow.

INFRASTRUCTURE BUILDOUT

'90s–'00s

Broadband Internet
Social Networks & Email
Laptops & Mobile
Billions of Global Users

**Everyone has internet,
email, and smartphone**

LOCAL & STATE

Late '00s–10s

Uber/Lyft: Taxi
Airbnb: Hotel
Tesla: Dealers
Google Fiber: Zoning

**For the first time in
decades you can fight
city hall**

NATIONAL & INTERNATIONAL

2020s-onward

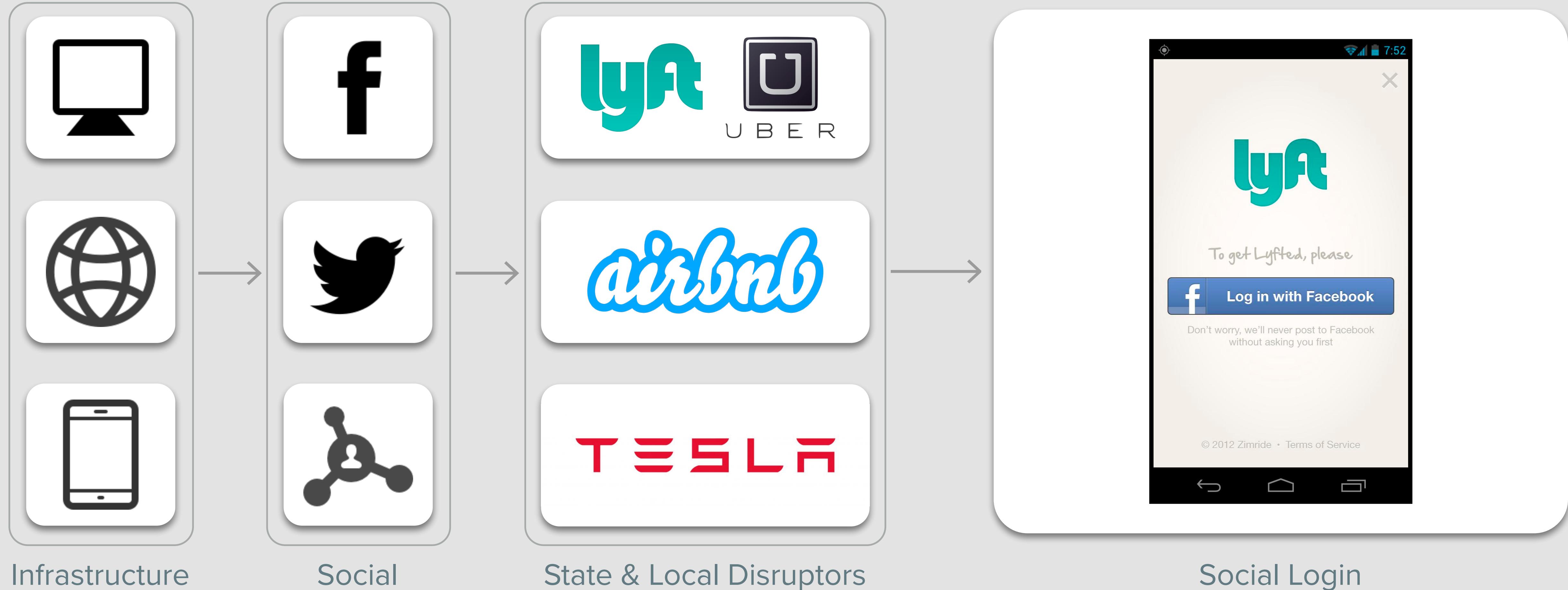
Genomics/QSelf: FDA
Drones: FAA
Web3: SEC, CFTC
3D Printing: FDA, ITAR

**Newest innovations will
mean national (and
international) issues**

Social Media was a Key Prerequisite

The infrastructure requirement was obvious.

But social enabled not just features, but realtime regulations - and referendums on regulators.



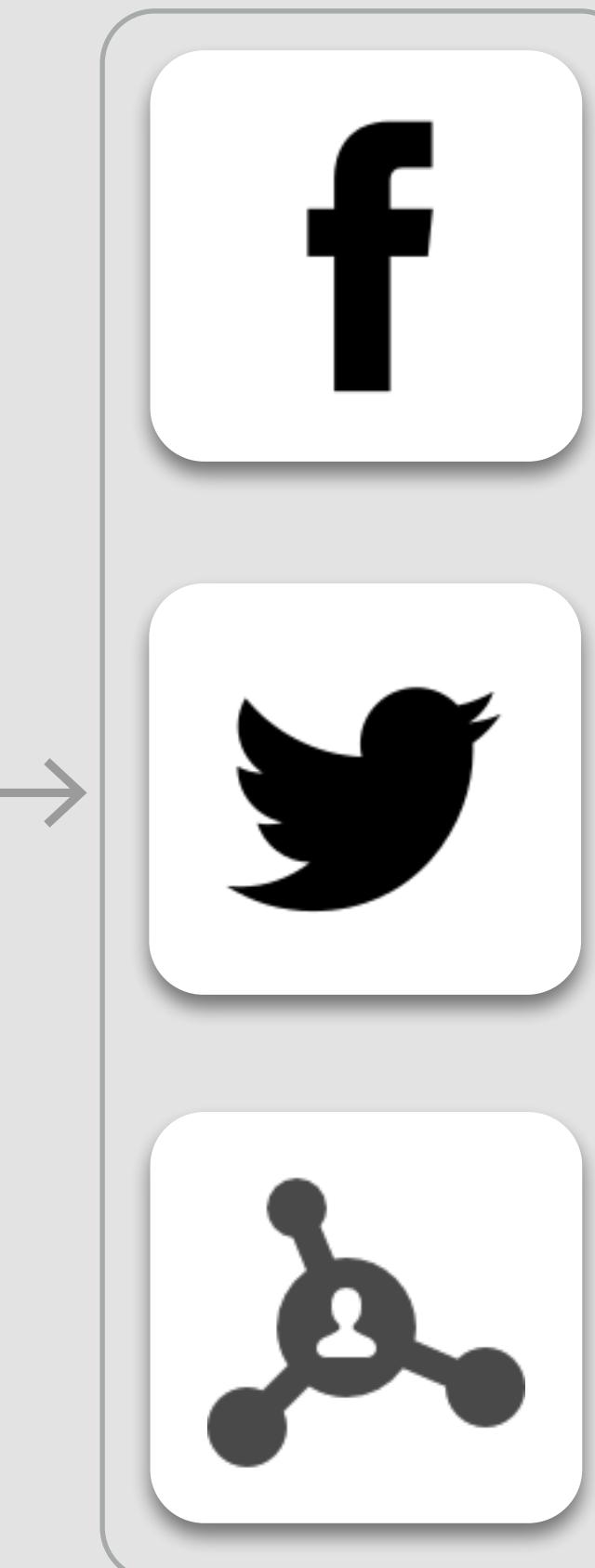
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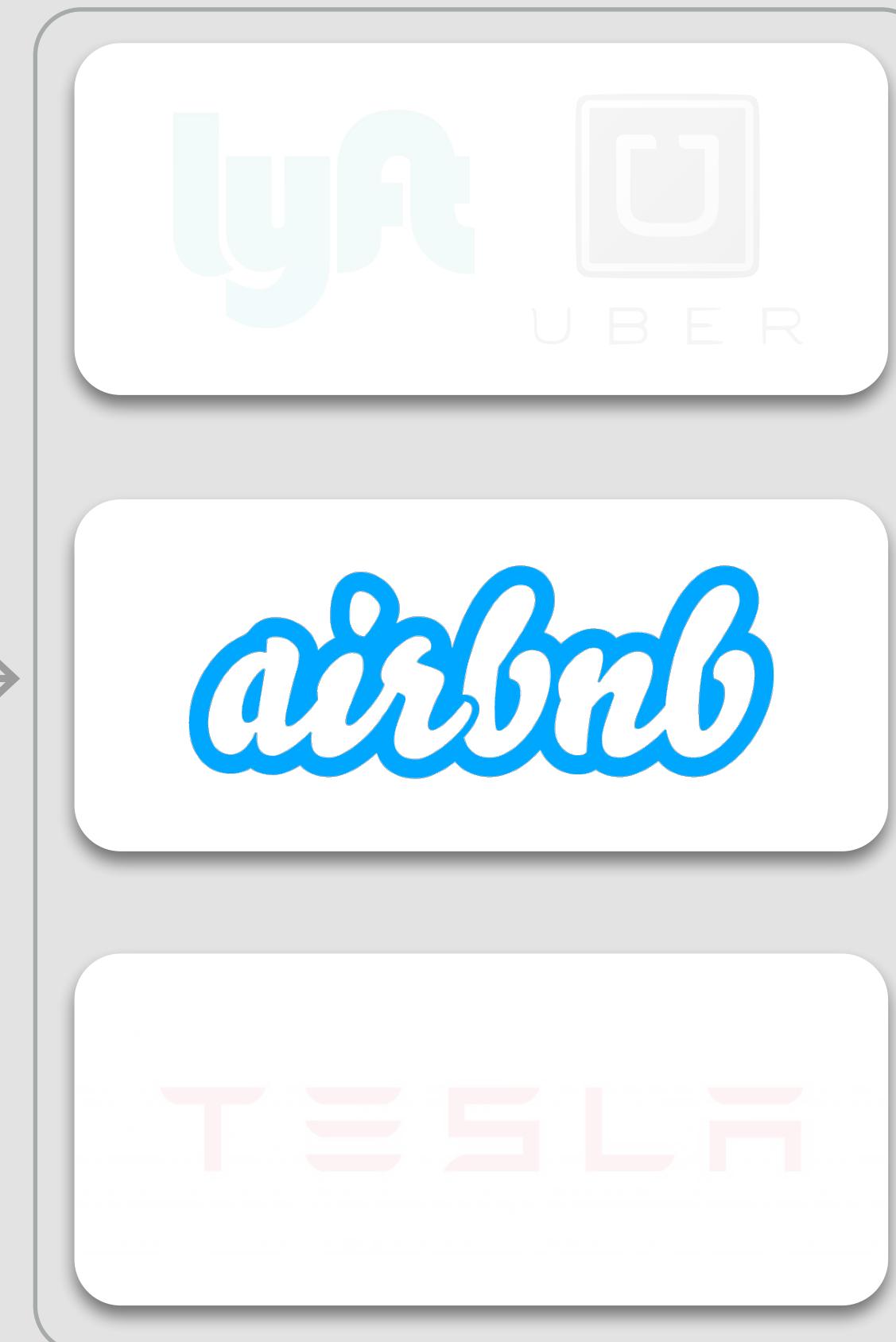
But social enabled not just features, but realtime regulations - and referendums on regulators.



Infrastructure



Social



State & Local Disruptors

A screenshot of an Airbnb listing page. At the top, it says "Airbnb Taps Facebook, Lets You Crash With Friends Of Friends" with 2.1k shares. Below that are "More Filters" and "SOCIAL CONNECTIONS" buttons. The main listing shows a room with two people in profile, "2 Social connections". The listing title is "Cool Modern SF Apt in the city!". It includes a photo of a living room, a price of \$91 per night, and a comment count of 64. Below the listing, it says "Private room The Castro, San Francisco".

Airbnb Taps Facebook, Lets You Crash With Friends Of Friends

2.1k SHARES

Share on Facebook Share on Twitter +

More Filters SOCIAL CONNECTIONS

2 Social connections

Cool Modern SF Apt in the city!

Private room The Castro, San Francisco

\$91 Per night

Social Reviews

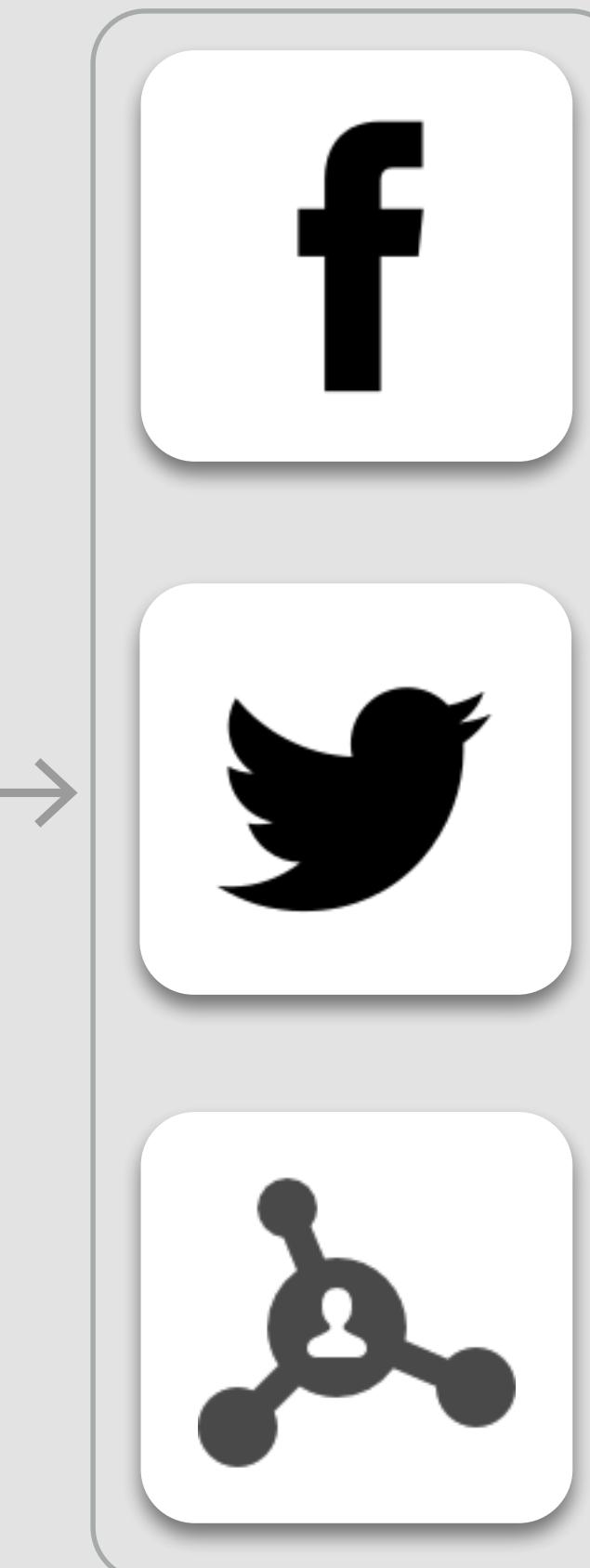
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The infrastructure requirement was obvious.

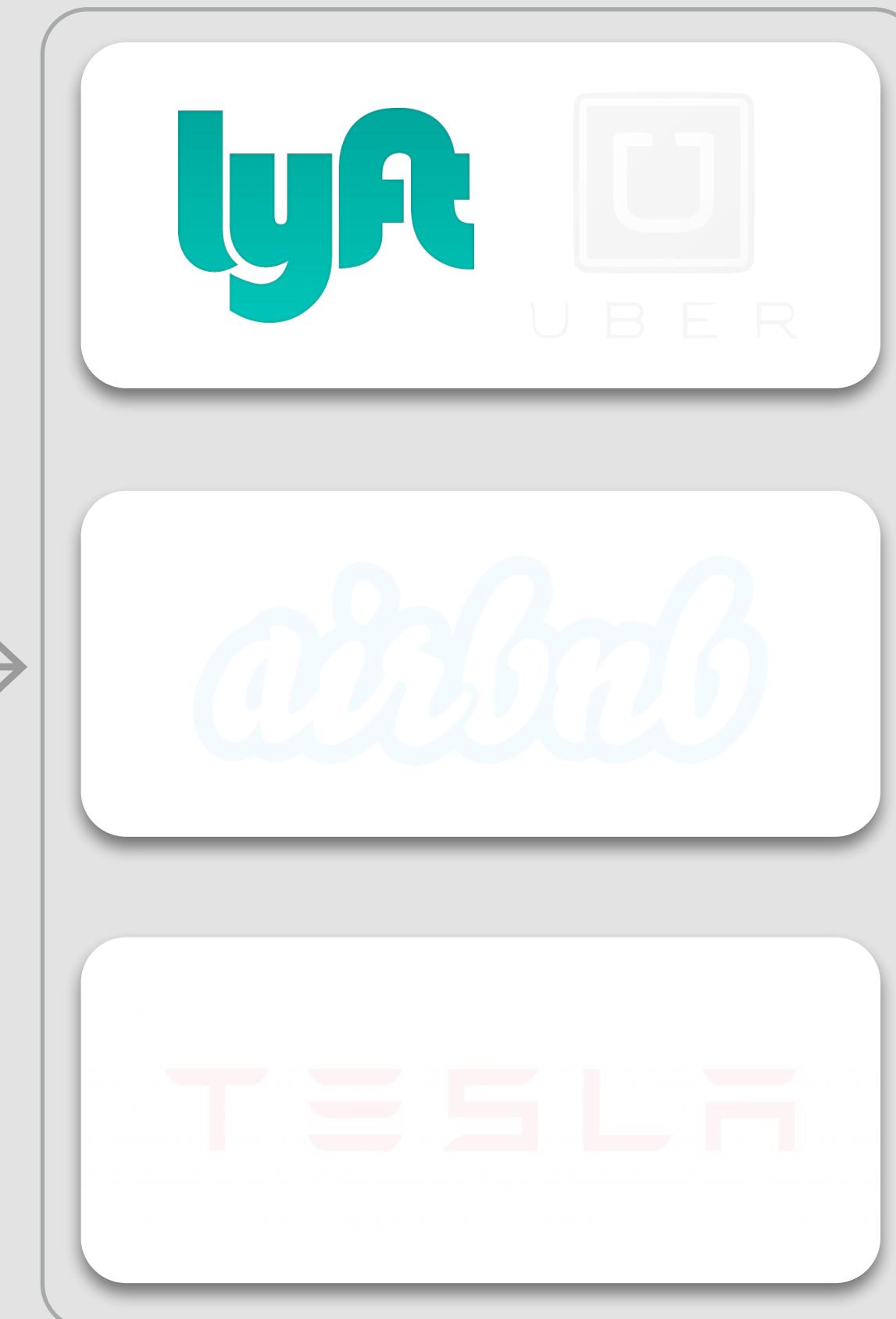
But social enabled not just features, but realtime regulations - and referendums on regulators.



Infrastructure



Social



State & Local Disruptors

A screenshot of the Lyft mobile application. The screen shows a map of San Francisco with various car icons and a green pickup point. A prominent red arrow points from the text above to the Coit Tower area on the map.

HOW DOES THE MENTOR PROGRAM WORK?

[← Back](#)

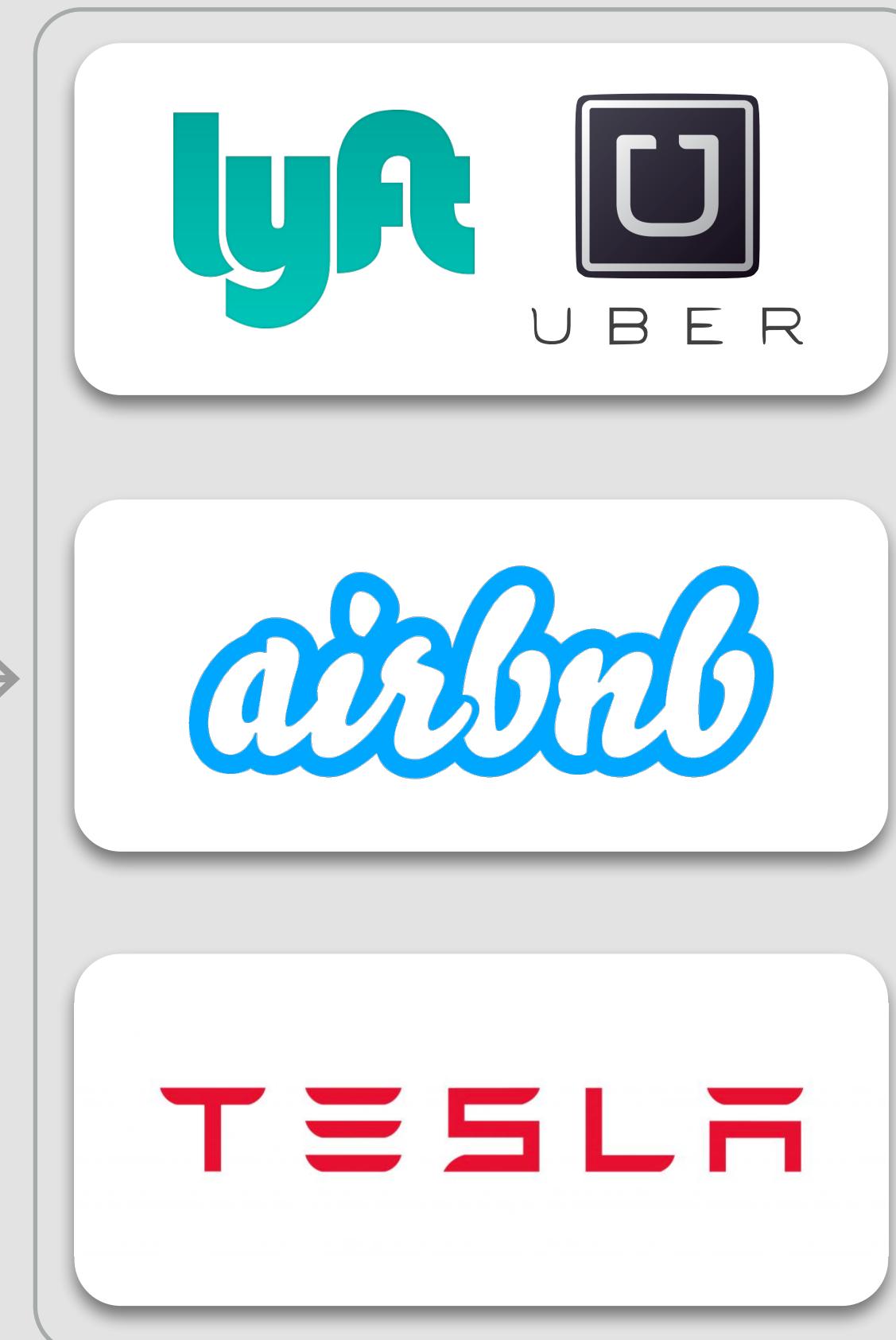
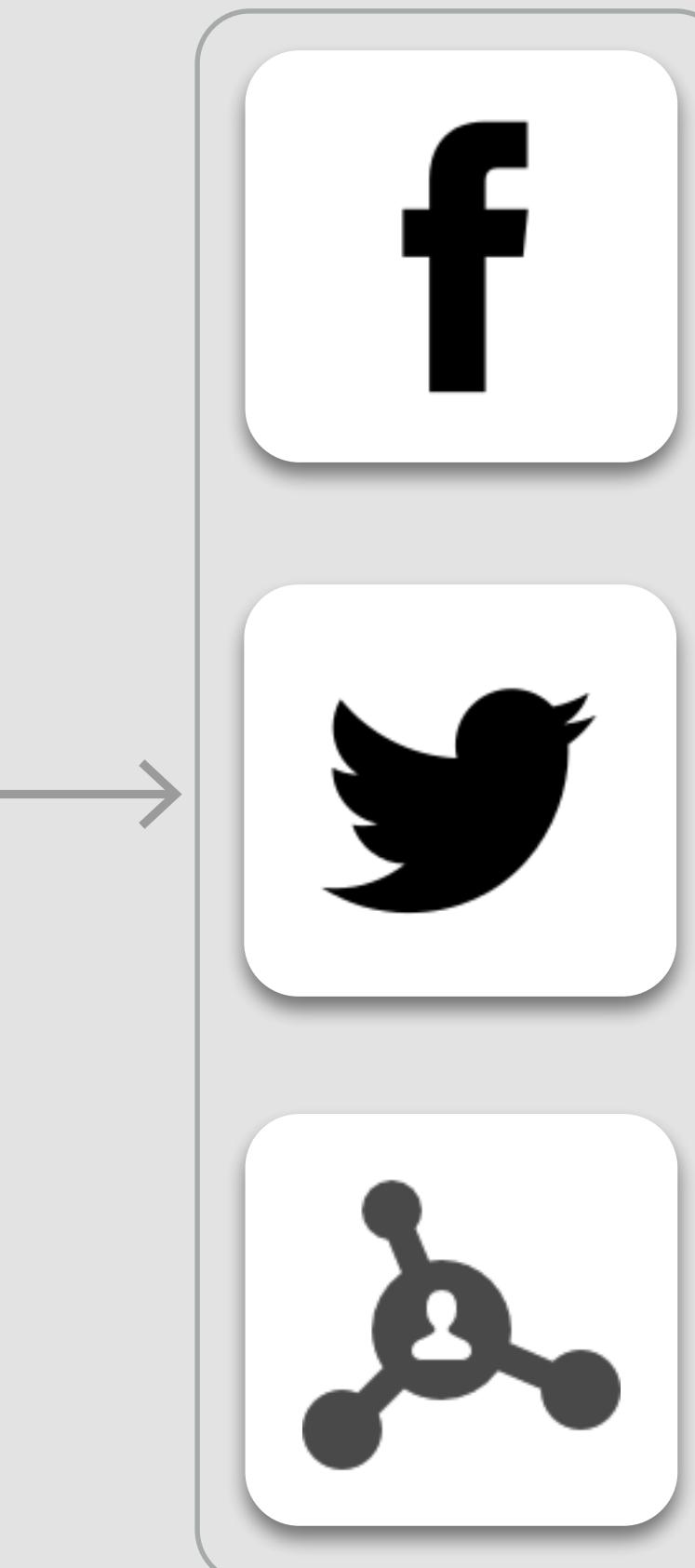
The Mentor program utilizes our veteran driver community to help introduce our newest drivers to the Lyft platform and show them the ropes. Each Mentor is selected based on a variety of criteria and is responsible for making sure each new driver is safe and equipped with the skills and knowledge necessary to succeed.

Social Recruiting

Social Media was a Key Prerequisite

The infrastructure requirement was obvious.

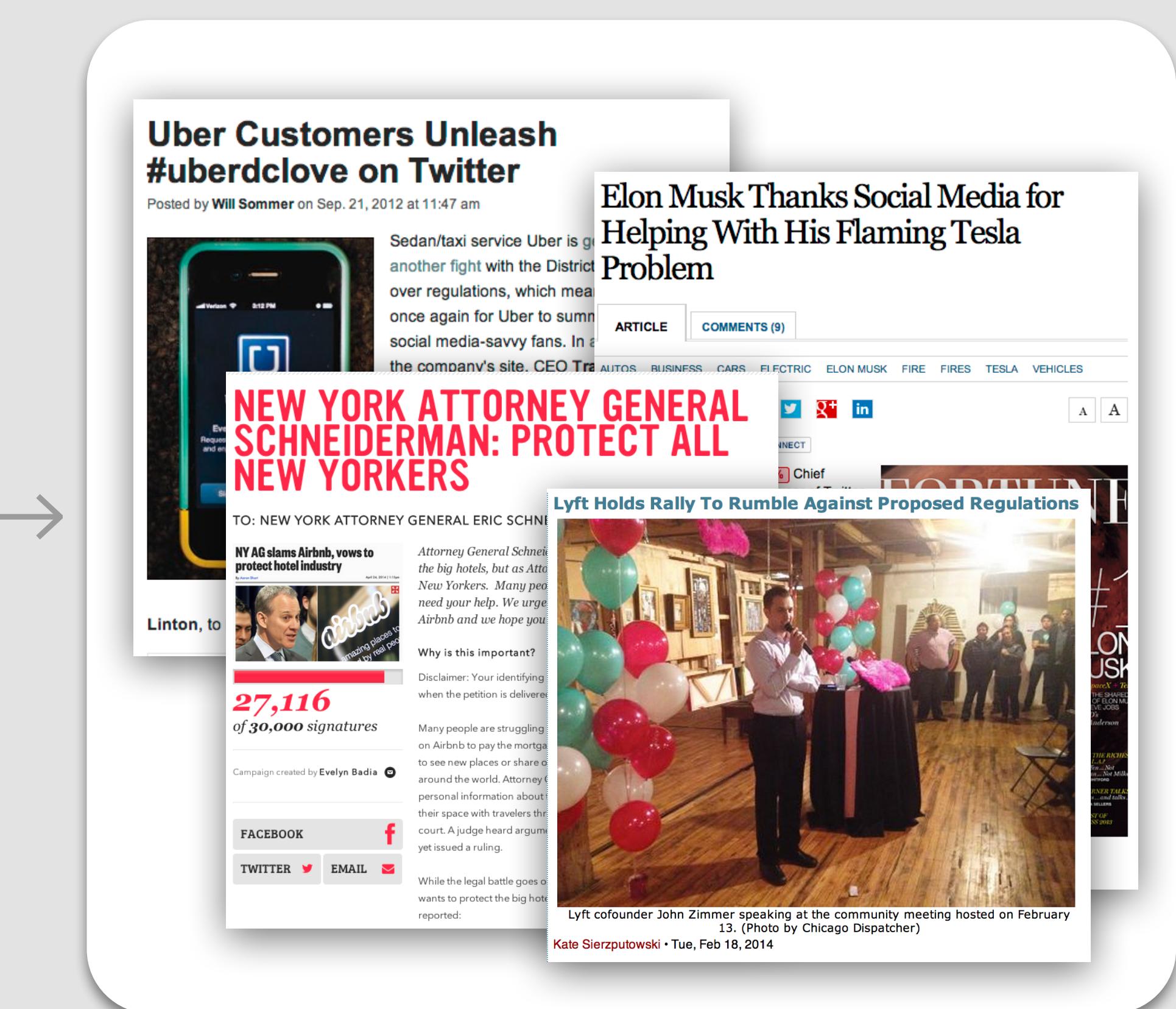
But social enabled not just features, but realtime regulations - and referendums on regulators.



Infrastructure

Social

State & Local Disruptors



Social Rallies

State & Local Disruption

Lyft/Uber: Taxi Regulation

Disrupting artificial scarcity of taxi medallions resulted in regulatory conflict.

The screenshot shows a news article from VentureBeat. At the top, there's a navigation bar with 'VB NEWS' (in red), 'EVENTS', 'INTEL', a search bar, and social media links. A blue banner for 'VMware NSX. The Software-Defined Data Center.' is visible. Below the banner, a 'Business' category tab is selected. The main headline reads: 'Lyft and Uber gear up for another political battle to defend ridesharing, this time in Seattle'. Below the headline is a large image of a white car with a pink mustache bumper sticker. A caption below the image states: 'Above: A mustache-adorned Lyft. Image Credit: Flickr'. To the right of the main content, there's a 'Latest News' sidebar with two articles: 'YouTube will soon let you crowdfund fresh content from channel partners' and 'Share if you get sick: Yelp reviews lead investigators to restaurant health violations'. At the bottom, there's a 'Research' section with a 'VentureBeat | WEBINARS' entry: 'Enterprise software and the CMO, CTO, CIO: Who does what, who gets the cash, and who's in charge?' with a 'Tues, 6/3 - 10am PST' and 'SIGN UP FOR FREE' button.



Airbnb: Hotel Regulation

Disrupting scarcity of hotel rooms results in regulatory conflict.

THE DAILY BEAST POLITICS ENTERTAINMENT WORLD NEWS TECH + HEALTH FASHION GREAT ESCAPES WOMEN BOOKS

U.S. NEWS 10.12.13

THE DAILY BEAST

New York's Petty War on Airbnb

Jim Epstein

The New York State Attorney General wants Airbnb to turn over user data. It could lead to the ruin of Gotham's short-term rental market, writes Jim Epstein

In the late 19th and early 20th centuries, newcomers to New York City found an abundance of spare bedrooms, living room couches, and kitchen cots available for rent. "Boarding out," as it was once called, also provided a vital income stream for poor families in possession of spare rooms, couches, and cots. By 1912, according to one survey, nearly half of Gotham's black households had boarders, many of them migrants from the South. An even higher percentage of Russian Jewish households had boarders; my great-grandparents routinely put up men and women fresh off the boat for short-term stays in their Lower East Side tenement.

Canadian Rockies By Train

travelalberta.us/Train

“Huddled masses yearning to breathe free” isn't the first phrase that comes to mind when describing tourists in 21st century New York City booking stays through Airbnb, the wildly popular website connecting residents wanting to pick up



Tesla: Car Dealerships

Like the Apple Store, Tesla faces a patchwork of regulations in their attempt to sell direct to customers.

≡ SECTIONS HOME SEARCH **The New York Times**

The Opinion Pages | EDITORIAL

Car Dealers Tilting at Tesla

By THE EDITORIAL BOARD MARCH 26, 2014

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Car dealers in New York, New Jersey and several other states are waging legal, legislative and regulatory campaigns to stop Tesla, the fast-growing electric-car company, from selling its vehicles directly to consumers. These moves are little more than attempts to protect an old retail model by limiting consumer choices.

In Ohio, dealers are [suing](#) Tesla, arguing that it is violating state auto franchise laws. In New Jersey, the state Coalition of Automotive Retailers has successfully pressed the Motor Vehicle Commission to [forbid](#) sales at two Tesla-owned retail stores. And, in New York, dealers' associations are [lobbying legislators](#) to prohibit car manufacturers from bypassing dealerships and selling directly to consumers.

The auto sales industry grew up decades ago when carmakers contracted with independently owned dealerships to sell and service their cars. Many state laws regulating car sales came out of that model. Some, like [lemon laws](#), clearly protect consumers. Others, like restrictions on retail sales by automakers, were meant to [protect dealers](#) from having to compete with their suppliers. Some states, like [Texas](#), prohibit direct sales, while others, like [New York](#), have allowed direct sales by companies like Tesla that never contracted with franchised dealers.



Google Fiber

Google Fiber was blocked by regulation in Mountain View.
So they went national.

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Regulatory Concessions Paved the Way for Google Fiber

Posted January 30th, 2013 by BfA Staff

Why did [Google](#) choose Kansas City to build its experimental [fiber network](#)? According to [Forbes](#) contributor Elise Ackerman, "...the key thing was that city officials promised to get out of the media giant's way."

Municipalities across the U.S., nearly 1,100 of them, competed vigorously to be chosen as the site for the project, but too few had a regulatory environment conducive to the investment that was required.

"Regulation can get in the way of innovation," said [Kevin Lo](#), who oversees the Google Fiber project. "Regulations tied to physical infrastructure sometimes defer the investment altogether," he said in a speech at [Broadband World Forum](#).

Milo Medin, Google's vice president of access services, gave [testimony](#) before Congress last year where he explained how regulations can complicate and increase the expense of infrastructure deployment.

"Let's start with rights-of-way," he said. "Governments across the country control access to the rights-of-way that private companies need in order to lay fiber. And government regulation of these rights-of-way often results in unreasonable fees, anti-investment terms and conditions, and long and unpredictable build-out timeframes. The expense and complexity of obtaining access to public rights-of-way in many jurisdictions increase the cost and slow the pace of broadband network investment and deployment."

Medin also described the negative impacts of outdated pole attachment regulations. Though hanging fiber from utility poles should be easier and less expensive than tearing up a street, regulatory compliance often increases the costs so much that any savings evaporates.

Even after the fiber network's deployment was underway, regulatory burdens spurred Google to scale back the range of services it planned to offer over its new network. The company considered offering phone services but decided against doing so once the regulatory requirements became clear.

"We looked at doing that. The cost of actually delivering telephone services is almost nothing," Medin said. "However, in the United States, there are all of these special rules that apply."

[NetCompetition.org](#) Chairman [Scott Cleland](#) sees Google's experience as a [lesson](#) to be learned. Those states that want super-fast, [21st century networks](#) will have to reform their regulations to reflect that desire.

"This should be a wake-up call to the [FCC](#) and all the states that have not modernized their state telecommunications and regulations: their obsolete rules are a huge barrier to modernizing infrastructure and services for their citizenry. Simply, obsolete communications regulation is a dead end without a future; an unnecessary drag on investment; and a nonsensical cost sinkhole for any business that must comply with them."

Susan Crawford, [forever the pessimist](#) when discussing American broadband, [says](#) Google Fiber "should make other mayors of cities very jealous and really make people unhappy about the status quo of wired Internet."

Tweets

BROADBANDforAMERICA 15 May @broadband4us Regulating the Internet as a utility would hurt investment and innovation. @TomWheelerFCC #FCCNetNeutrality bit.ly/1jiPdwH Expand

BROADBANDforAMERICA 13 May @broadband4us 28 broadband CEOs urge @FCC to protect #openinternet: Title II will impede investment #FCCNetNeutrality bit.ly/1jDXURz Expand

Latest From The Blog

ICYMI: Sununu, Ford Urge FCC to Maintain Current Regulatory Framework
May 15, 2014 | *broadbands*
WASHINGTON, DC – In an op-ed published by the San Francisco Chronicle, Broadband for America (BfA) Honorary Co-Chairs John Sununu and Harold Ford Jr. argued in favor of the Federal Communications...

Google fiber



The local and state disruption
is still ongoing...but what's next?

National & International Disruption

The Federal & International Collisions Are Underway

Real-world APIs for physical products and/or big industries are now coming online.

DRONES

FAA



TELEMEDICINE

FDA



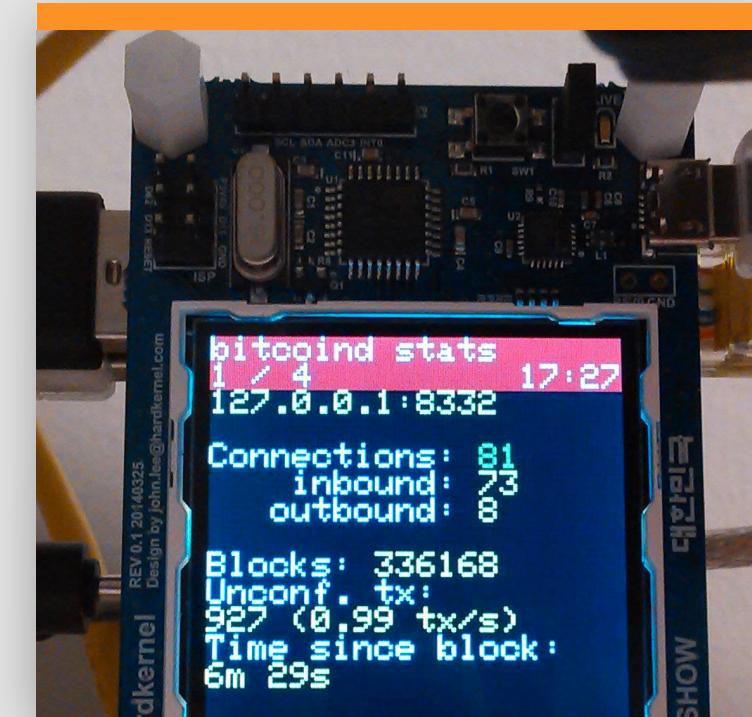
GENOMICS

FDA



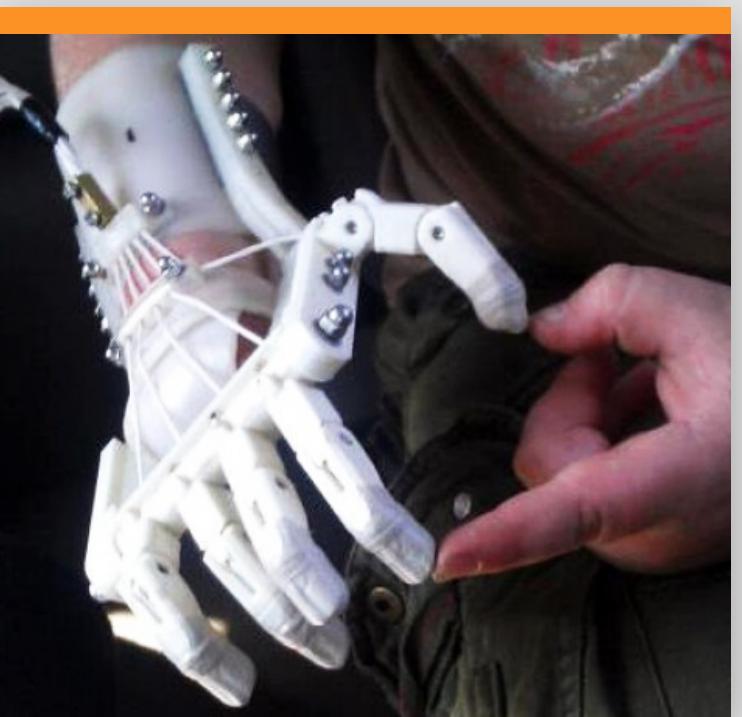
CRYPTO

FINCEN, SEC



3DP

FDA



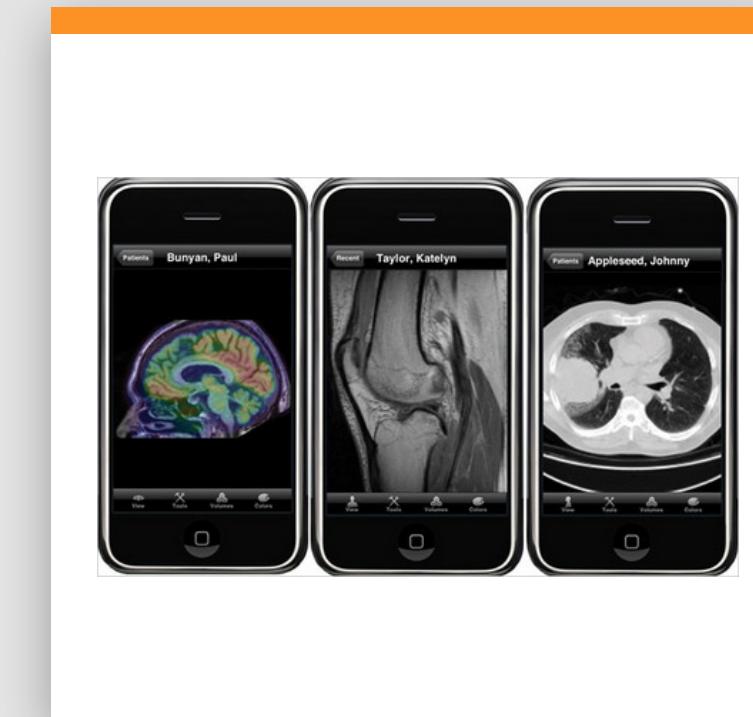
SELF DRIVING

NHTSB



MOBILE HEALTH

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Drones: FAA

Are drones more like airplanes or RC aircraft?

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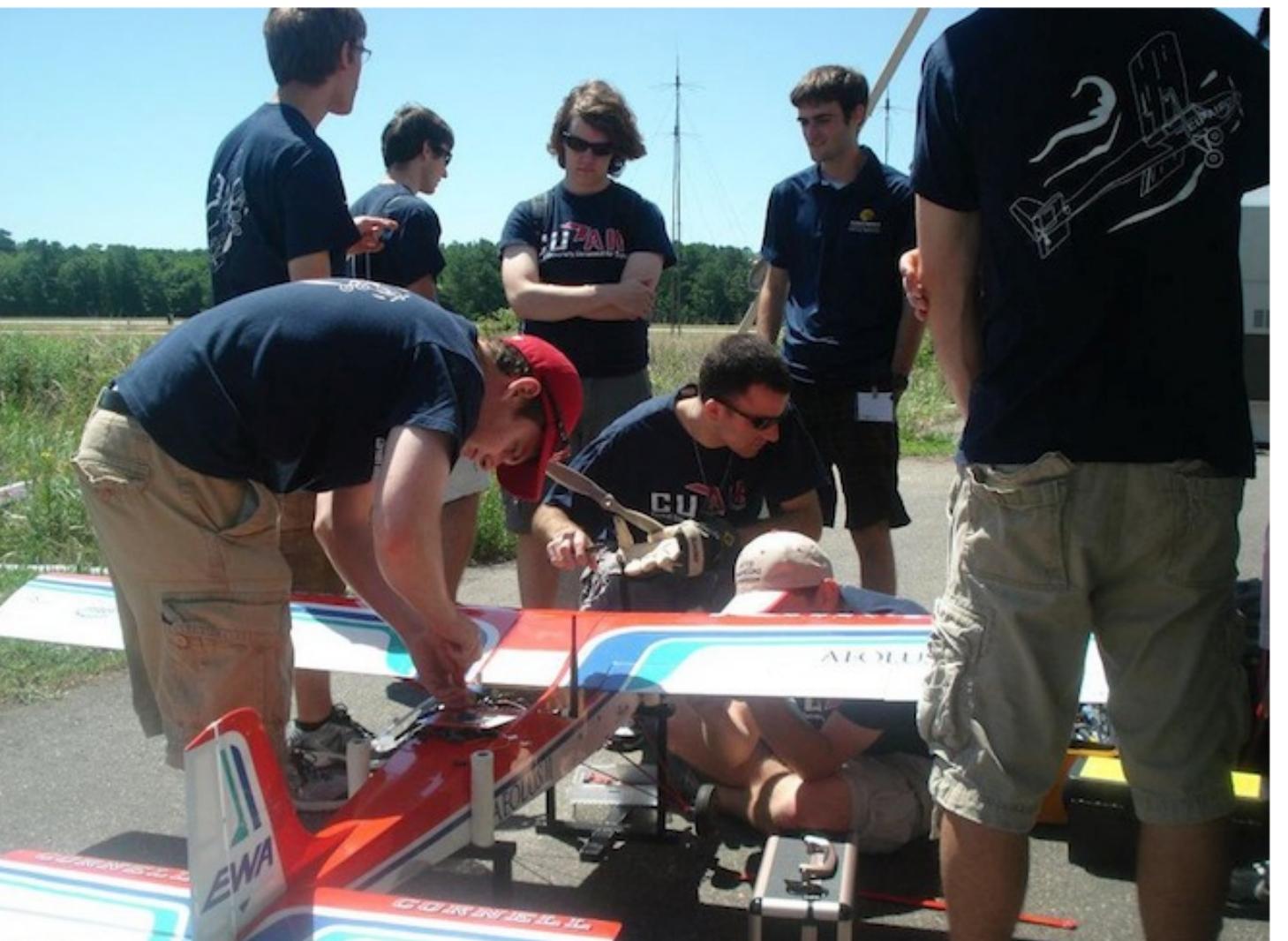
DANGER ROOM | AUVSI | drones | Jeremy Novara

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Domestic-Drone Industry Prepares for Big Battle With Regulators

BY SPENCER ACKERMAN 02.13.13 | 6:37 PM | PERMALINK

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A team from Cornell University's engineering department prepares their homegrown drone for a 2012 competition in Maryland. The domestic drone industry is leaning on the FAA to relax regulations on U.S. drone flights. Photo: Cornell.edu

we looked up and saw a different way to purify water.

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 GameLife Podcast: Zelda's New Look, Transistor, Mario Kart

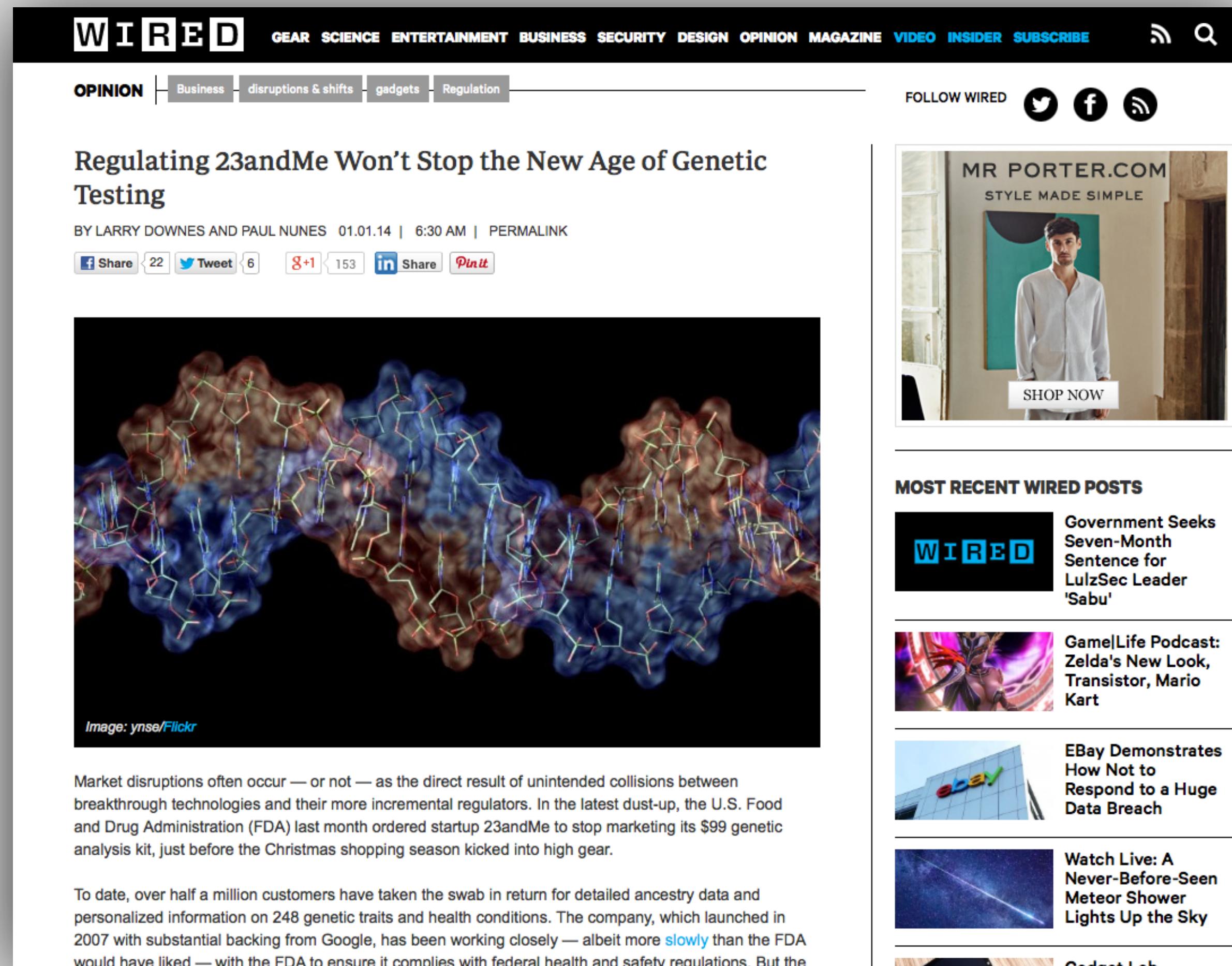
 eBay Demonstrates How Not to Respond to a Huge Data Breach

 Watch Live: A Never-Before-Seen Meteor Shower Lights Up the Sky



Genomics: FDA

In the US, a prescription from an MD was required to see your medical genome.



Regulating 23andMe Won't Stop the New Age of Genetic Testing

BY LARRY DOWNES AND PAUL NUNES 01.01.14 | 6:30 AM | PERMALINK

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Image: ynse/Flickr

Market disruptions often occur — or not — as the direct result of unintended collisions between breakthrough technologies and their more incremental regulators. In the latest dust-up, the U.S. Food and Drug Administration (FDA) last month ordered startup 23andMe to stop marketing its \$99 genetic analysis kit, just before the Christmas shopping season kicked into high gear.

To date, over half a million customers have taken the swab in return for detailed ancestry data and personalized information on 248 genetic traits and health conditions. The company, which launched in 2007 with substantial backing from Google, has been working closely — albeit more slowly than the FDA would have liked — with the FDA to ensure it complies with federal health and safety regulations. But the

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Gadget Lab



Crypto: FinCEN

FinCEN wants all crypto exchanges to track identities for all transactions.

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New FinCEN Guidance Clarifies Corporate Bitcoin Requirements

Joe Mont February 04, 2014

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The Treasury Department's Financial Crimes Enforcement Network has issued new guidance, in the form of two administrative rulings it made public, on whether certain activities by individuals and companies that are related to virtual currencies, notably Bitcoin, trigger the Bank Secrecy Act's definition of a money services businesses or money transmitter, subjecting them to registration, reporting, and recordkeeping requirements.

The first ruling states that if a user creates or "mines" a convertible virtual currency solely for their own purposes, they are not a money transmitter under the BSA. The second ruling clarifies that a company purchasing and selling virtual currency as an investment exclusively for its own benefit is also not considered to be a money transmitter.

The rulings further interpret guidance issued in March 2013. That guidance made it clear that, from FinCEN's perspective, an administrator or exchanger of conveyable virtual currencies that accepts and transmits it, or buys or sells it in exchange for legal tender or another virtual currency for any reason (including intermediating between a user and a seller of goods or services the user is purchasing on the user's behalf) is considered a money transmitter for regulatory purposes.

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Crypto: SEC & CFTC

SEC & CFTC are very interested in Bitcoin and Ethereum.

The screenshot shows the official website of the U.S. Securities and Exchange Commission (SEC). The header features the SEC logo and the text "U.S. SECURITIES AND EXCHANGE COMMISSION". A search bar at the top right includes options for "COMPANY FILINGS" and "MORE SEARCH OPTIONS". Below the header, a navigation menu offers links to "ABOUT", "DIVISIONS & OFFICES", "ENFORCEMENT", "REGULATION", "EDUCATION", "FILINGS", and "NEWS". On the left, a sidebar menu lists "Newsroom", "Press Releases", "Public Statements", "Speeches" (which is highlighted in dark blue), "Testimony", "Spotlight Topics", "Media Kit", "Press Contacts", "Events", and "Webcasts". The main content area displays a speech titled "Digital Asset Transactions: When Howey Met Gary (Plastic)" by William Hinman, Director of the Division of Corporation Finance. The speech was delivered in San Francisco, CA on June 14, 2018. A small portrait of William Hinman is shown next to his name. The text of the speech begins with a thank you message to Andy.

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Speech

Digital Asset Transactions: When Howey Met Gary (Plastic)

William Hinman
Director, Division of Corporation Finance

San Francisco, CA

June 14, 2018

Remarks at the Yahoo Finance All Markets Summit: Crypto

Thank you Andy. I am pleased to be here today.[\[1\]](#) This event provides a great opportunity to



ethereum

3D Printing: Export Regulations

Like SSL and MOOCs, export regulations may be used to impose DRM on 3D printing.

ANNOTATIONS

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POSTED ON JULY 17, 2013 BY STAFF REPORTER

3-D Printing and the ITAR

Last year, we wrote about the burgeoning [3-D printing industry](#) and its impact on intellectual-property rights. But what happens when a 3-D printing venture runs afoul of the International Traffic in Arms Regulations ([ITAR](#))?

Cody Wilson, a University of Texas Law student, and his company, [Defense Distributed](#), recently made headlines when Wilson posted a blueprint that showed how to manufacture a [fully functional gun with a 3-D printer](#). According to Devin Sefton of [Braumiller Schulz LLP](#), who is a contributor at [Lexology.com](#), the Department of State ordered Wilson to remove the blueprint and is now alleging that his actions violated the ITAR. Wilson or his company faces up to \$1 million for each violation of the ITAR. Wilson also faces up to ten years in prison if the Department of State finds that the violations were willful.

The ITAR is the product of authority granted to the President by the Arms Export Control Act, codified at [22 U.S.C. §2778](#). The Act's stated purpose is to further (1) world peace and (2) the United States' security and foreign policy. The Act authorized the creation of the [United States Munitions List](#) (USML), which is an itemized list of all the products and services governed by the ITAR licensing and registration requirements.

Wilson and Defense Distributed may have violated several of the ITAR's prohibited activities:

- Without first obtaining the required license or other written approval from the

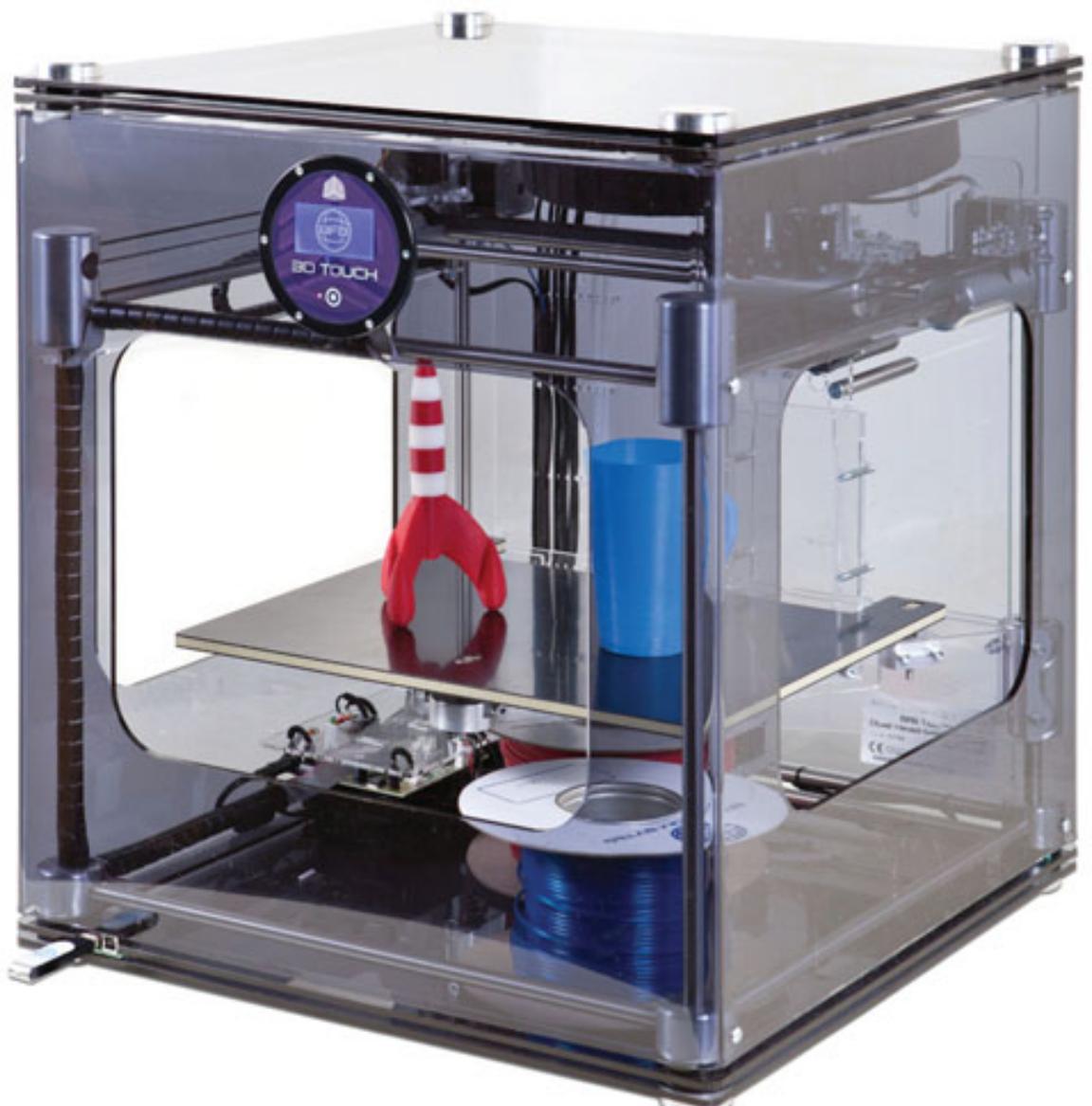
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Self-Driving Car: NHTSA

NHTSA proposed a federal ban on the self-driving car.

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NHTSA Wants States To Ban Self-Driving Cars

BY  **NELSON IRESON** | 2 | 2,582 views | 05/30/2013 | [Follow Nelson](#)

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Quantified Self & mHealth: FDA

Apps and devices that measure substantive things may require multimillion dollar and multi-year approval process.

 **U.S. FOOD & DRUG ADMINISTRATION**

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Mobile Medical Applications

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Mobile Medical Applications

- What are mobile medical apps?
- How will the FDA regulate mobile medical apps?
- Mobile medical apps that the FDA will regulate
- Mobile apps for which the FDA intends to exercise enforcement discretion
- Does the FDA regulate mobile devices and mobile app stores?
- [Mobile Medical Applications - Guidance for Industry and Food and Drug Administration Staff \(PDF - 1.3MB\)](#)
- Does the guidance apply to electronic health records?

 [Email MMA Questions to the FDA](#)

Content current as of:
09/04/2018

The widespread adoption and use of mobile technologies is opening new and innovative ways to improve health and health care delivery.

Mobile applications (apps) can help people manage their own health and wellness, promote healthy living, and gain access to useful information when and where they need it. These tools are being adopted almost as quickly as they can be developed. According to industry estimates, 500 million smartphone users worldwide will be using a health care application by 2015, and by 2018, 50 percent of the more than 3.4 billion smartphone and tablet users will have downloaded mobile health applications (<http://www.research2guidance.com/500m-people-will-be-using-healthcare-mobile->



Quantified Self & mHealth: FDA

Apps and devices that measure substantive things may require multimillion dollar and multi-year approval process.

Radiology mobile app Mobile MIM's long, strange FDA trip

February 9, 2011 5:02 pm by Brandon Glenn | 0 Comments

Share This Story



1

It took nearly three years and three 510(k) applications, but [MIM Software](#) finally [obtained FDA clearance](#) for its Mobile MIM app, the first-ever radiology mobile app to receive the agency's seal of approval.

The process was so fraught with confusion and miscommunication — or worse, no communication — that MIM Chief Technology Officer Mark Cain likened the experience to falling into a “[black hole](#).”

If there’s any good news for other radiology app developers, it’s that Beachwood, Ohio-based MIM’s experience might — *might* — provide a roadmap of sorts for the U.S. Food and Drug Administration to follow when the agency reviews similar mobile apps for devices like the iPhone and iPad in the future. And that’s no small point for a health IT industry that’s suffering from a lack of clarity when it comes to knowing what the FDA wants from developers of medical apps, many of which fall under the FDA’s jurisdiction because they’re considered medical devices.



Mobile MIM for the iPad



Quantified Self
self knowledge through numbers

Quantified Self & mHealth: FDA

Apple's HealthKit is causing many more entrepreneurs to encounter the FDA.

Apple Executives Met With F.D.A. to Discuss Mobile Medical Applications

By NICK BILTON and BRIAN X. CHEN JANUARY 31, 2014 5:05 PM 9 Comments

Public Calendar: December 12, 2013
This public calendar is issued by the Food and Drug Administration to designated FDA policy makers with pending meetings.

FDA Official and Title	Date	Location
Margaret A. Hamburg, M.D., Commissioner of Food and Drugs	12/13/13	Washington, DC

According to a public Food and Drug Administration calendar, FDA officials met with Apple executives on December 12, 2013, in Washington, D.C. Margaret A. Hamburg, M.D., Commissioner of Food and Drugs, was present.

Apple unveils HealthKit to integrate health and fitness data in iOS 8

Susie Ochs @sfsooz Jun 2, 2014 12:25 PM

The days of having different bits of your health and fitness data locked into half a dozen apps are numbered: At its Worldwide Developers Conference on Monday, Apple unveiled HealthKit, a suite of new tools for developers that will enable them to integrate your health data into new apps (including one from Apple called Health) in iOS 8.

Apple has significant experience with health technology, with the iWatch and smartwatch.

Right now whatever data is collected by your various activity-tracking apps and devices typically remains siloed inside of those apps. Your Fitbit stats live in Fitbit, your RunKeeper runs stay in RunKeeper, and the data collected by your Withings Blood Pressure Monitor live in the Withings app.



HealthKit



See your whole health picture.
Quickly view your most recent health and fitness data in one dashboard.

Manage what you're tracking.
See a list of the different types of data being managed by Health, then tap to see each one individually.

Quantified Self & mHealth: FDA

The Apple Watch collided with the FDA in v1.

The screenshot shows a news article from The Verge. At the top is a navigation bar with links for THE VERGE, TECH, REVIEWS, SCIENCE, CREATORS, ENTERTAINMENT, VIDEO, MORE, and social media icons for Facebook, Twitter, and RSS. Below the navigation is a breadcrumb trail: APPLE \ SCIENCE \ TECH. The main title is "What the Apple Watch's FDA clearance actually means". A subtitle below it reads "The FDA-cleared features aren't supposed to be used by those under 22". The author is listed as "By Angela Chen | @chengela | Sep 13, 2018, 12:23pm EDT". Below the author information are sharing options for Facebook, Twitter, and Email. The main image on the left is a close-up of an Apple Watch displaying an ECG reading with a red heart icon and the text "Hold your finger on the crown.". To the right of the main image is a sidebar advertisement for a tonneau cover. It features a thumbnail image of a blue pickup truck with a tonneau cover, the headline "WHY YOU NEED A TONNEAU", and the text "Get more out of your ride with a tonneau that keeps your load safe and dry." Below the headline are buttons for "Ad", "PACE EDWARDS", and "View Site". At the bottom of the sidebar is a link labeled "GOOD DEALS".

There's an Apple Watch for everyone.



Regulatory Collisions Incoming

- 1 Why is this trend happening now?
- 2 Why was regulation invented?
- 3 How is regulation being reinvented?
- 4 What could we do?

Why was regulation invented?

Failures cause regulation

9/11 (TSA), Thalidomide (FDA), Enron (SOX)

Something must be done.
This is something.
Therefore, this must be done.

Prevent terrorism with a TSA?

Intent: stop tech from being used in unsafe ways. Results: arguably doesn't work, inarguably huge side effects.

9/11



Transportation
Security
Administration

TSA

Why the TSA pat-downs and body scans are unconstitutional
By Jeffrey Rosen
Sunday, November 28, 2010

The protest on the Wednesday before Thanksgiving was called National Opt-Out Day, and its organizers urged air travelers to refuse the Transportation Security Administration's full-body scanning machines.

TSA Investigating 'Don't Touch My Junk' Passenger
BY KIM ZETTER 11.16.10 | 2:15 PM | PERMALINK

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Unintended
Consequences

Explosive in Detroit terror case could have blown hole in airplane, sources say
By Carrie Johnson
Washington Post Staff Writer
Tuesday, December 29, 2009

A dangerous explosive allegedly concealed by Nigerian student Umar Farouk Abdulmutallab in his underwear could have blown a hole in the side of his Detroit-bound aircraft if it had been detonated, according to two federal sources briefed on the investigation.

Janet Napolitano: 'The System Worked'
BENJAMIN F. CARLSON

Homeland Security Secretary Janet Napolitano did the rounds on the Sunday shows to address the botched Christmas bombing. (Catch up on [Wire coverage of the terror attempt here](#) and [here](#).) She stressed the safety of air travel, and repeatedly said in an upbeat tone that "the system worked" and "everything happened that should have." Far from calming travelers, Napolitano's line has rubbed many people the wrong way, giving administration critics something to latch on to. Even on the air, interviewers gave her a tough time. See Jake Tapper's tough questioning on ABC News [here](#), and CNN's clip below.

Obama Seeks to Reassure U.S. After Bombing Attempt
By PETER BAKER and SCOTT SHANE
Published: December 28, 2009

HONOLULU — [President Obama](#) emerged from Hawaiian seclusion on Monday to reassure the American public and quell gathering criticism as a branch of [Al Qaeda](#) claimed responsibility for the thwarted attack on an American passenger jet on Christmas Day.

Direct Failure
(example)

Man Accidentally Carries Loaded Gun Onto Plane; TSA Failure Rate May Approach 70%
By Jennifer Welsh | December 21, 2010 11:39 am

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It seems like terrorists don't even need to think of crazy new [shoe](#), [underwear](#), or [pancake](#) bombs to get around the TSA, since airport security seems to have forgotten what normal weapons look like. Though they still won't let me bring four ounces of conditioner onto the plane.

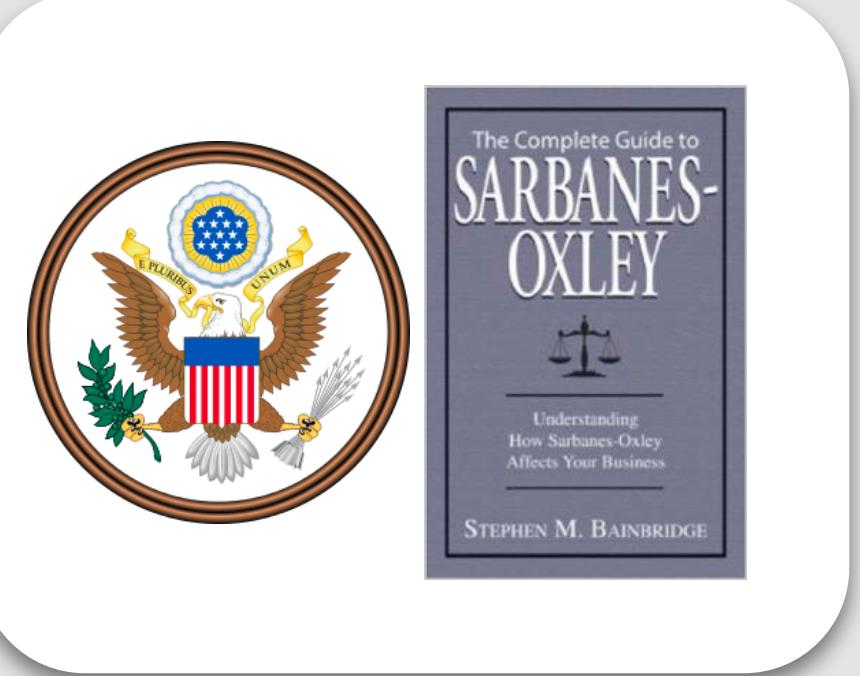
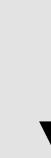
About a year ago, Houston businessman Farid Sief accidentally brought his loaded Glock on a flight from Houston's Bush Intercontinental Airport. The loaded gun, which Seif carries for protection, was tucked away in his laptop case, and should have been clearly visible since he had to take his laptop out of the bag, which was practically empty.

Direct Failure
(quantitative)

Prevent financial malfeasance with an SEC?

Intent: stop corner cutting in corner office. Results: arguably doesn't work, inarguably huge side effects.

Enron

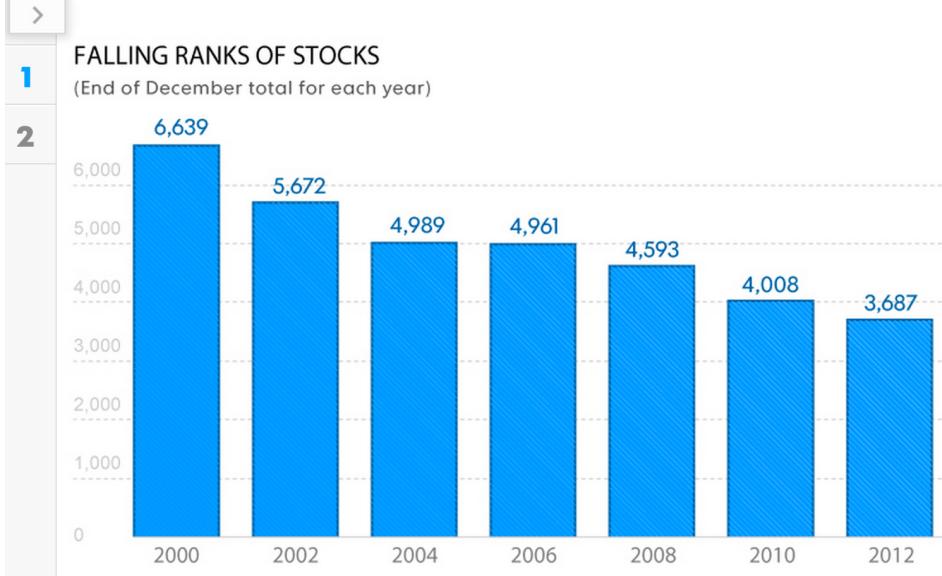


SEC SOX

How The Sarbanes-Oxley Era Affected IPOs

STOCK BUYERS FIND SMALLER SELECTION

The number of operating companies investors can buy stock in, measured by the Wilshire 5000 index, has been steadily declining as firms are delisted, go private or are bought out. Meanwhile, the number of IPOs, which is supposed to replenish the stock market with new companies to invest in, has been weak and well below 200 a year.

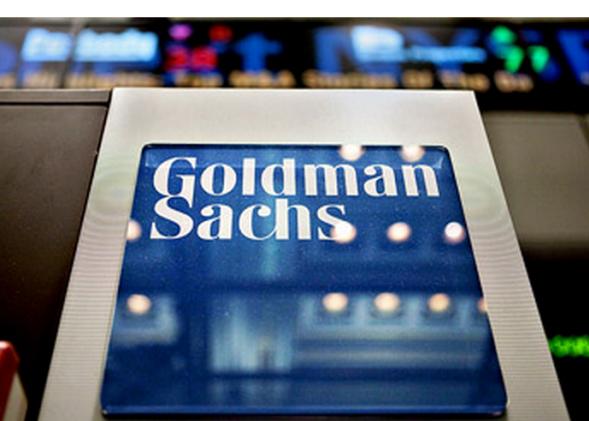


Goldman Limits Facebook Investment to Foreign Clients

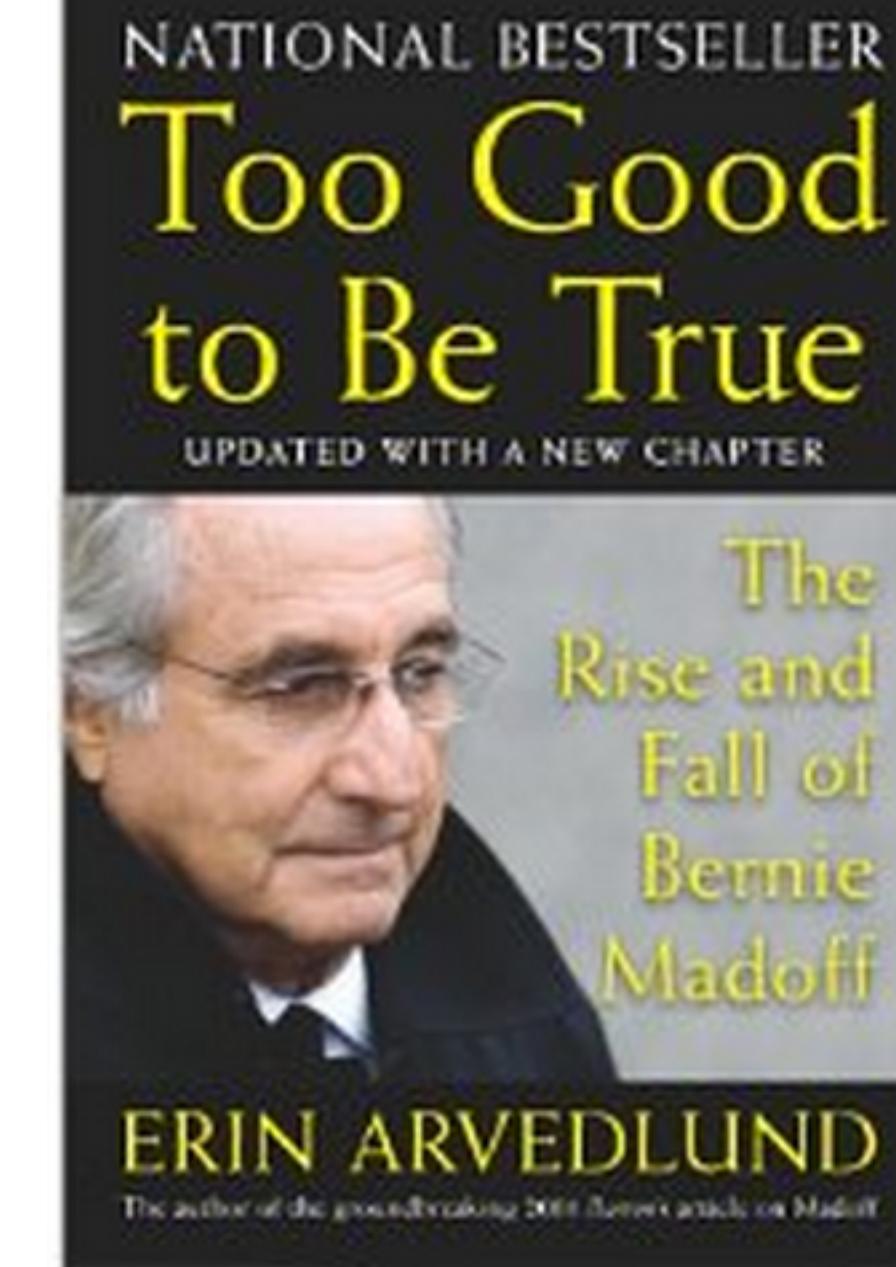
By ANDREW ROSS SORKIN JANUARY 17, 2011 12:23 PM 175 Comments

8:55 p.m. | Updated

Just more than a week after Goldman Sachs offered its most prized clients a chance to invest in Facebook, the firm on Monday withdrew the opportunity from clients in the United States because of worries that the deal could run afoul of securities regulations.

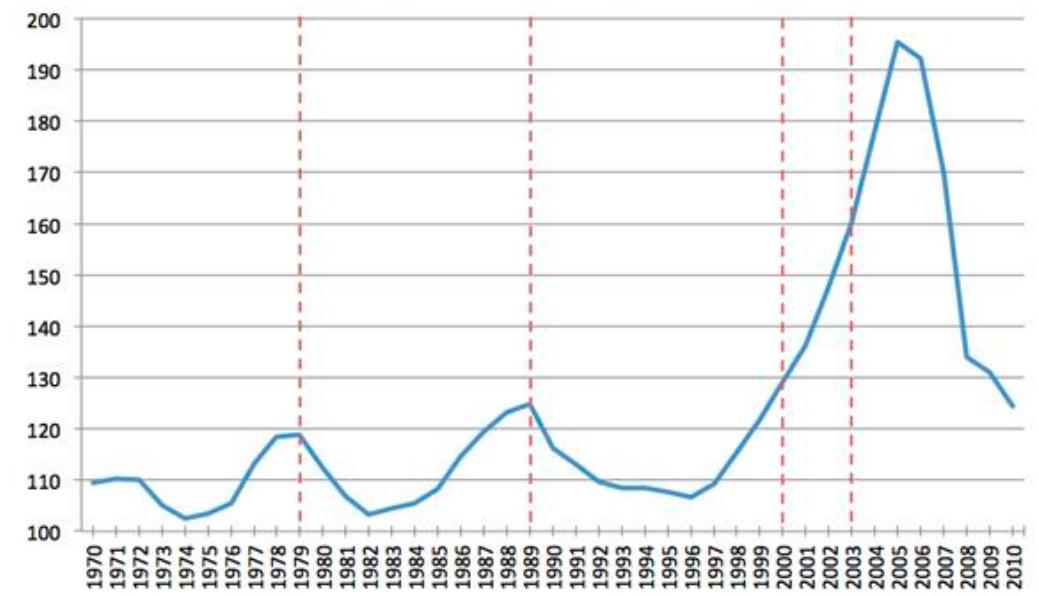


Unintended
Consequences



Direct Failure
(example)

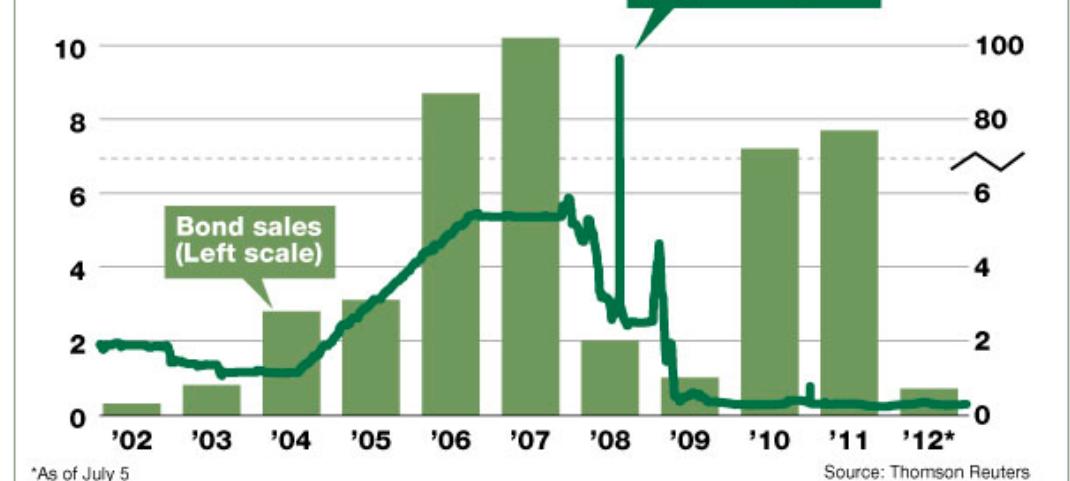
Case-Shiller Home Price Index: 1970-2010



Market Manipulation

Bond-linked bond sales

\$12B

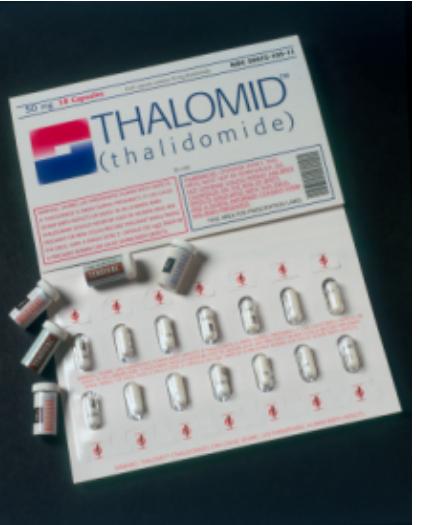


Direct Failure
(quantitative)

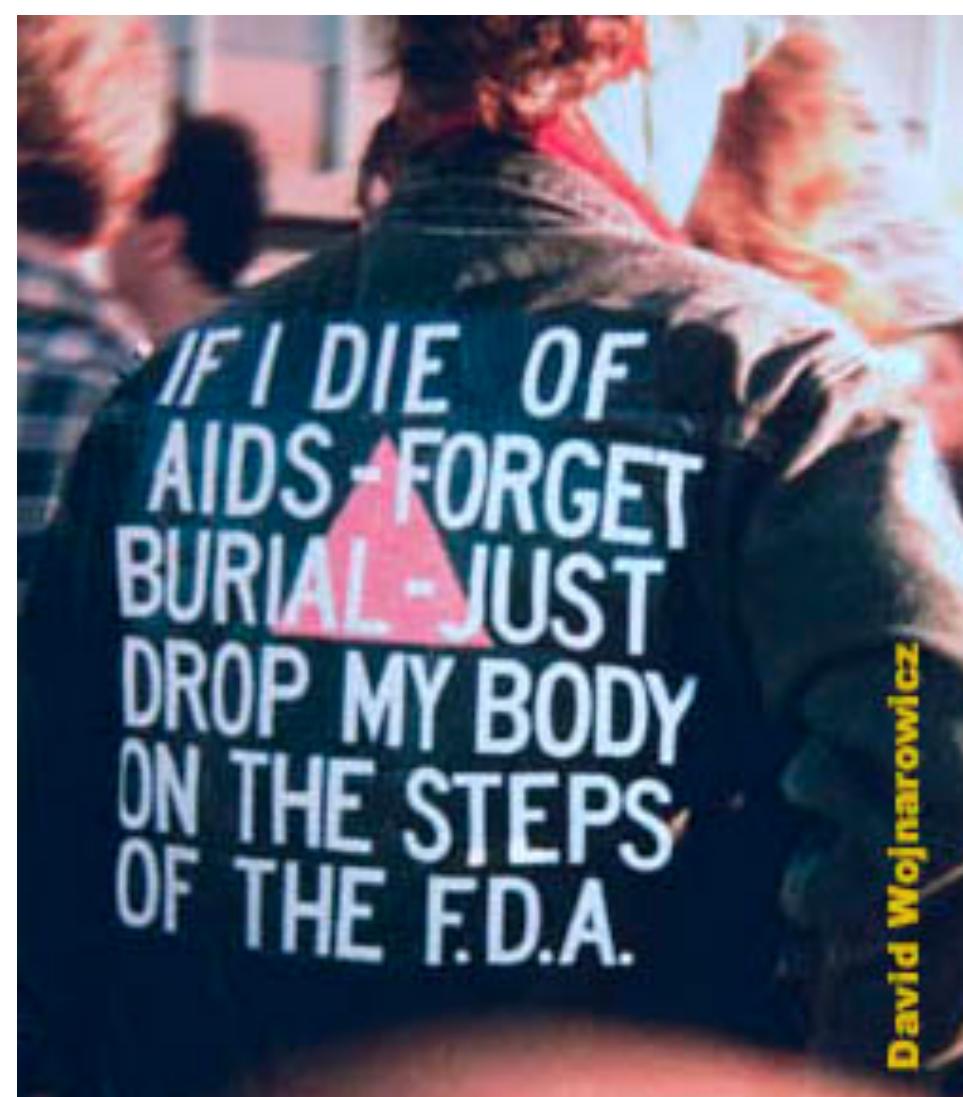
Prevent side effects with an FDA?

Intent: stop side effects with pre-market review. Results: arguably doesn't work, inarguably huge side effects.

Thalidomide



DALLAS BUYERS CLUB



FDA Efficacy

Unintended
Consequences

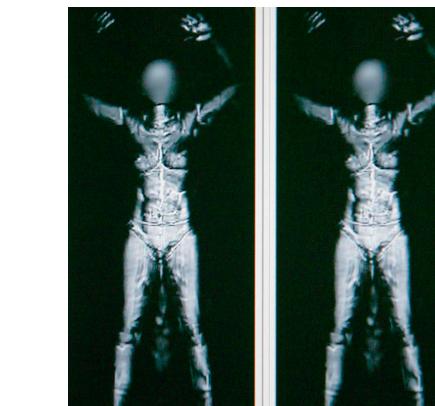
FDA sidesteps safety concerns over TSA body scanners

Some professors recently expressed concern about the safety of the TSA's new X ...

by Casey Johnston - Nov 16 2010, 9:01am PST

The United States Transportation Security Administration has recently come under scrutiny for, among other things, its use of X-ray full-body scanners in airports to see through clothes and to detect non-metallic explosives. But are they safe? A group of UC-San Francisco professors recently raised a number of safety concerns regarding these scanners. While the Obama administration attempted to address these worries, its assertion that the scanners are safe appears to fall short.

The TSA has slowly been implementing the use of X-ray scanners in airports (so far, 38 airports have 206 of the machines) in order to see through passengers' clothes and check them for explosive devices. Officials have asserted that the machines are okay to use on the basis of the everyday use of X-rays in medical offices. However, a group of four UCSF professors pinpointed several important differences between the medical X-ray machines and those used in airports. They described the issues in a letter to Dr. John P. Holdren, the assistant to the president for science and technology.

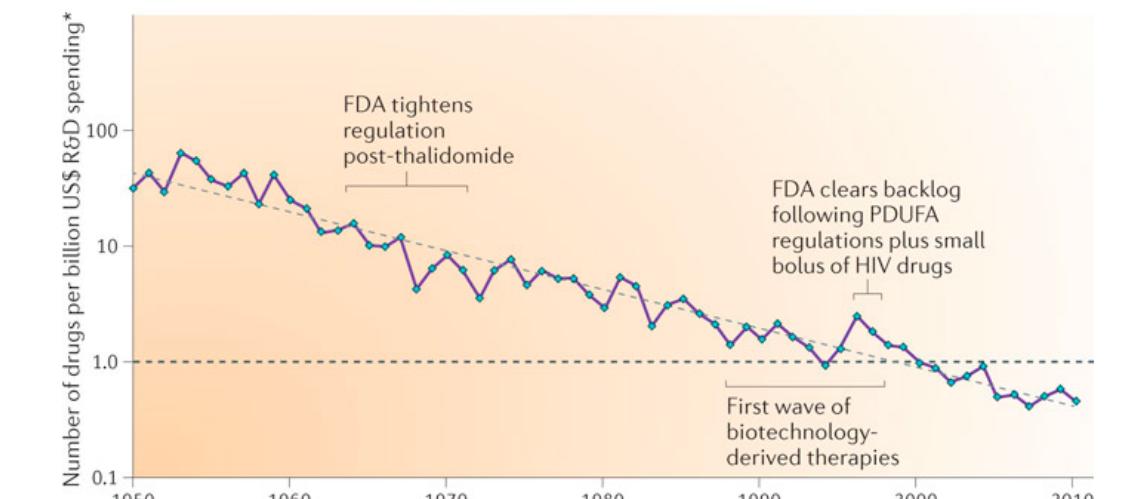


Merck Paid 3,468 Death Claims to Resolve Vioxx Suits

By David Voreacos and Allen Johnson | Jul 27, 2010 2:27 PM PT | 1 Comment | Email | Print

Direct Failure
(example)

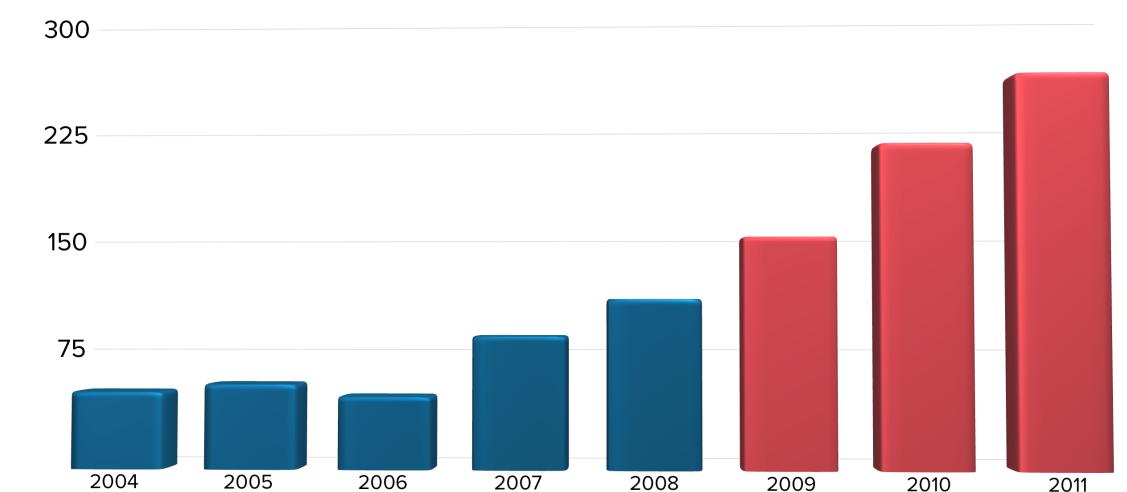
Eroom's Law



An FDA regulatory explosion shut down cancer drug production

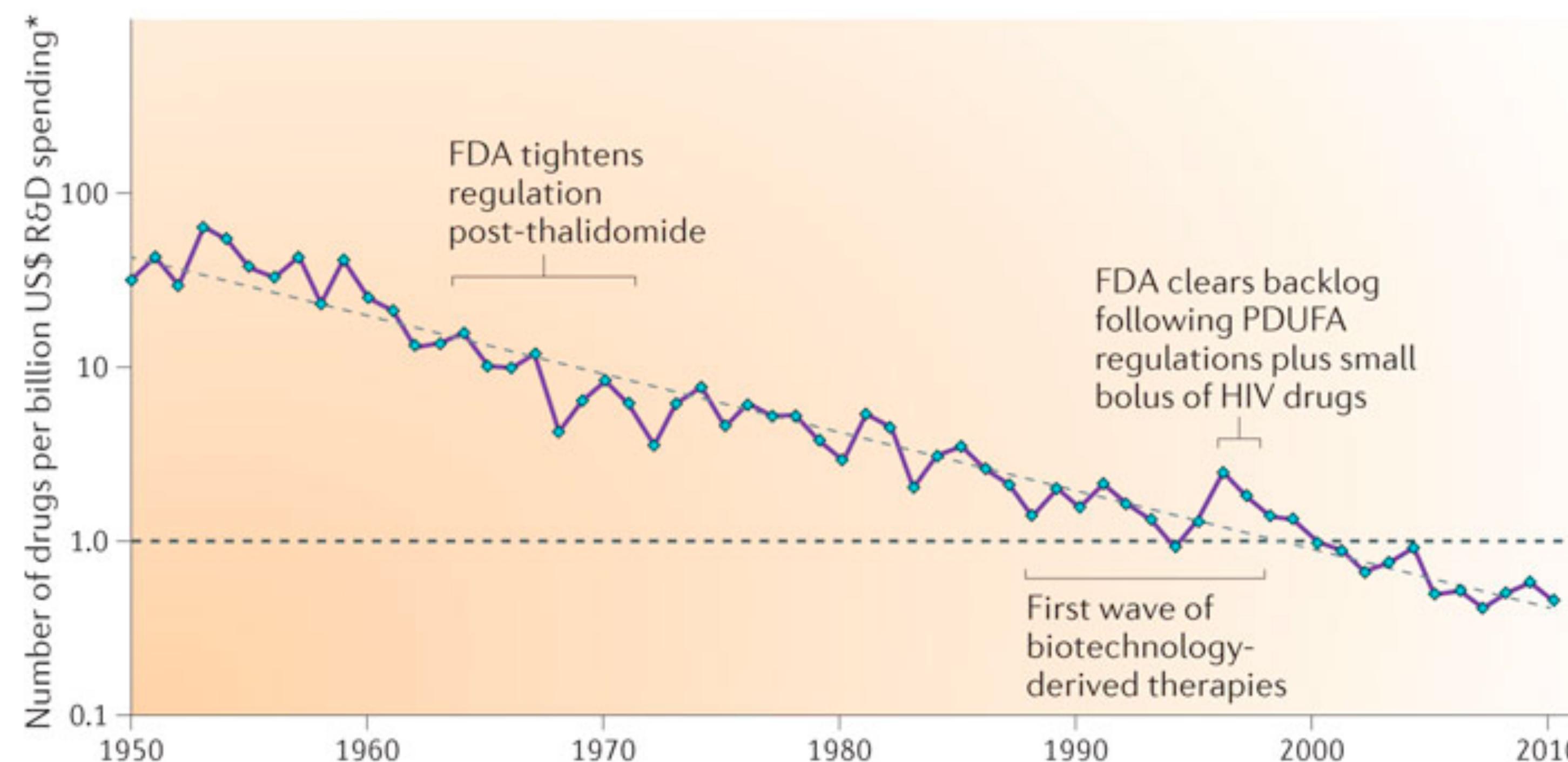
The impact of Hamburg's enforcement actions was swift and dramatic. Of America's five largest manufacturers of generic injectable drugs—APP, Hospira [HSP](#), Teva, Bedford, and Sandoz—the latter four were effectively forced to simultaneously take significant production off-line in order to deal with FDA warnings. As a result, their

Newly Identified Drug Shortages, 2004–2011



Direct Failure
(quantitative)

Eroom's Law



An FDA regulatory explosion shut down cancer drug production

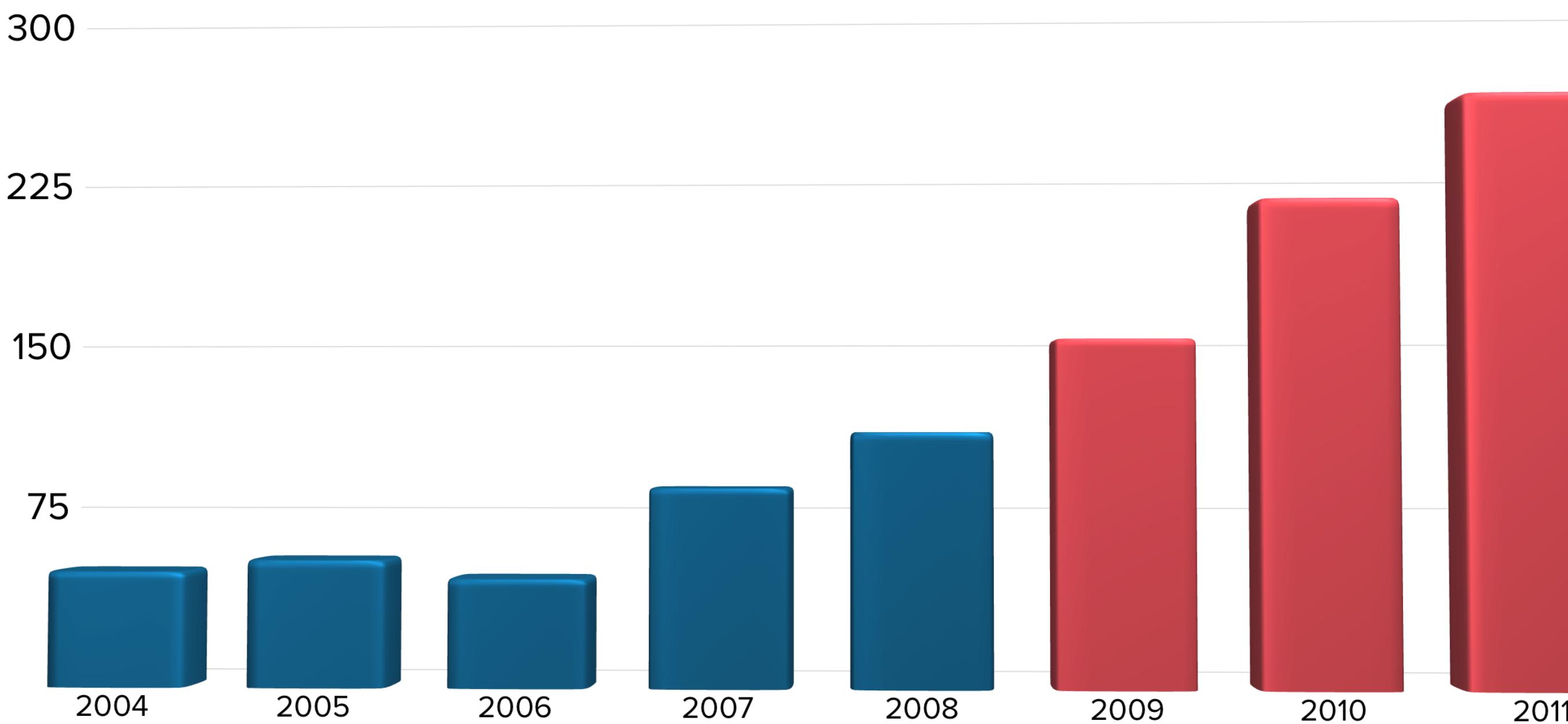
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Newly Identified Drug Shortages, 2004–2011



Well-intended regulation
has its own **failures**

- 1 Why is this trend happening now?
- 2 Why was regulation invented?
- 3 How is regulation being reinvented?
- 4 What could we do?

How is regulation being reinvented?

Four Principles for Reinventing Regulated Industries

The most successful tech companies in regulated industries use these four principles.

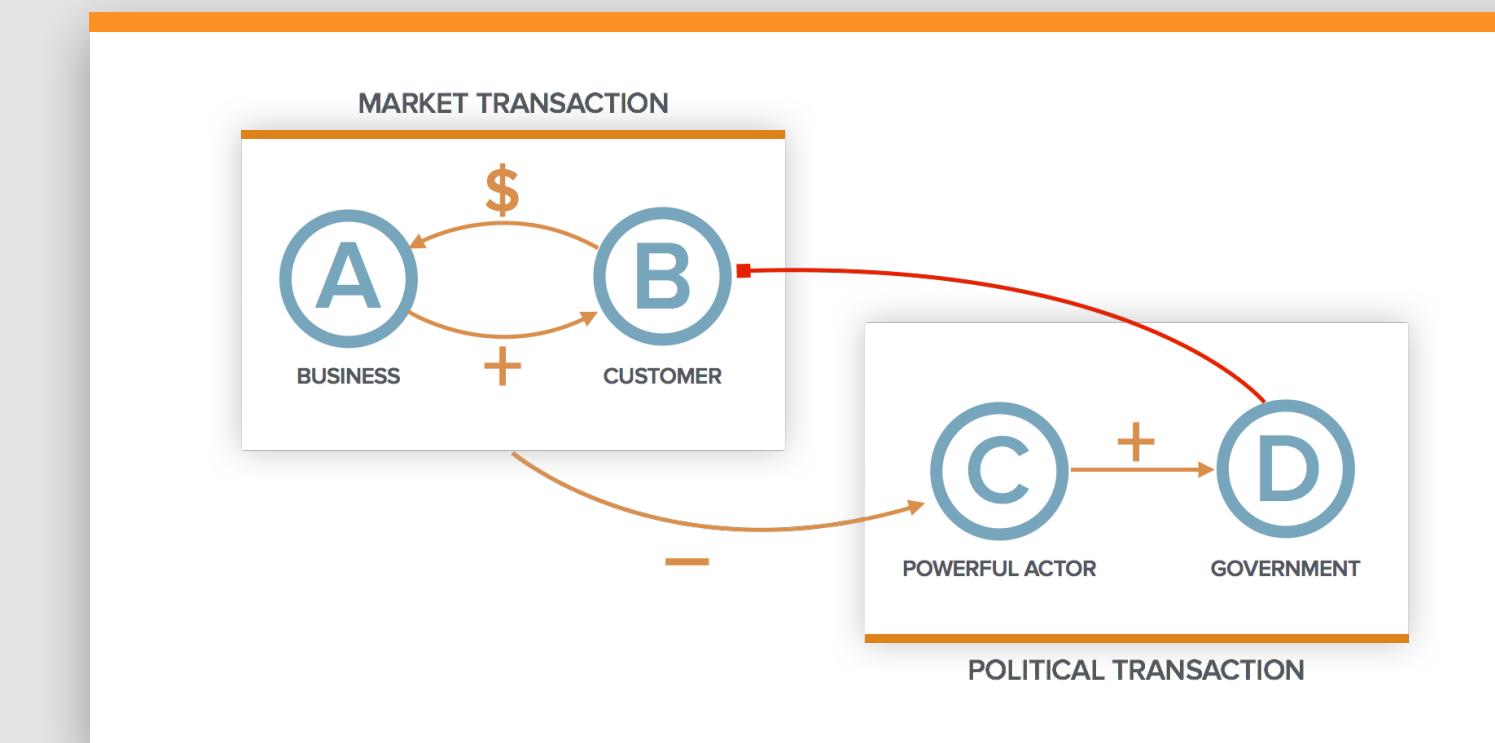
CHOICE

Build to exercise jurisdictional choice



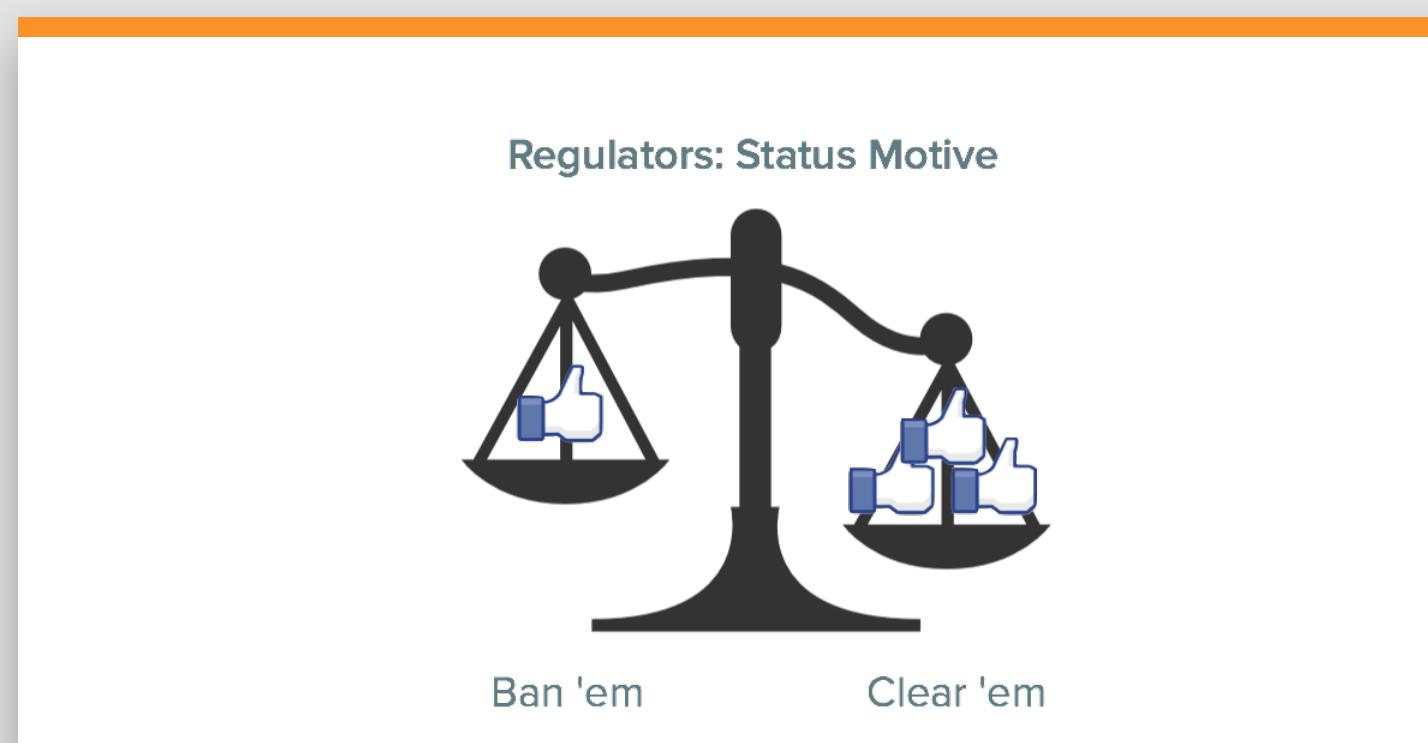
RESTRUCTURING

Use technology to legalize demand



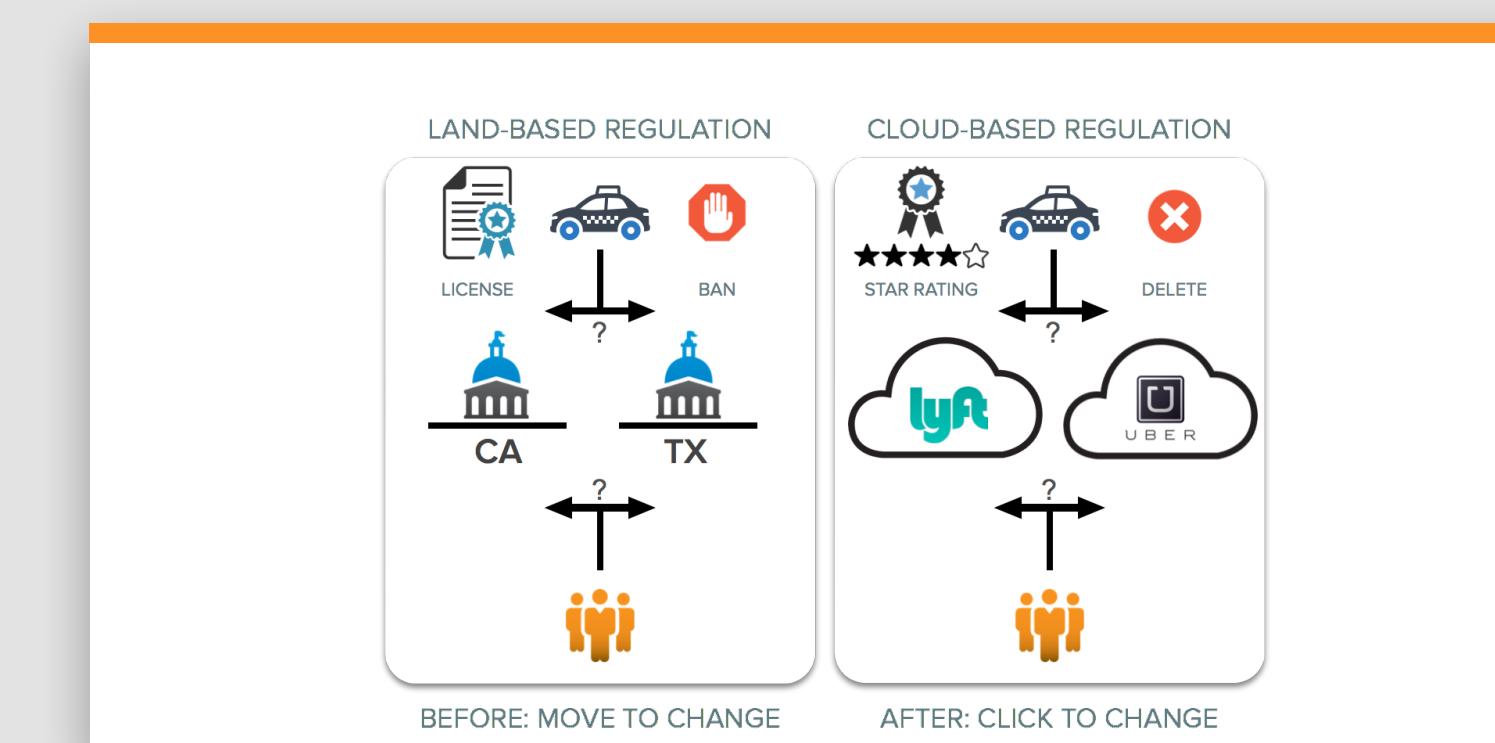
THE STATUS MOTIVE

Align status incentives via PR/social



REGULATION 2.0

Ultimately, become a better regulator



Principle 1: Mobility

Build to exercise jurisdictional choice

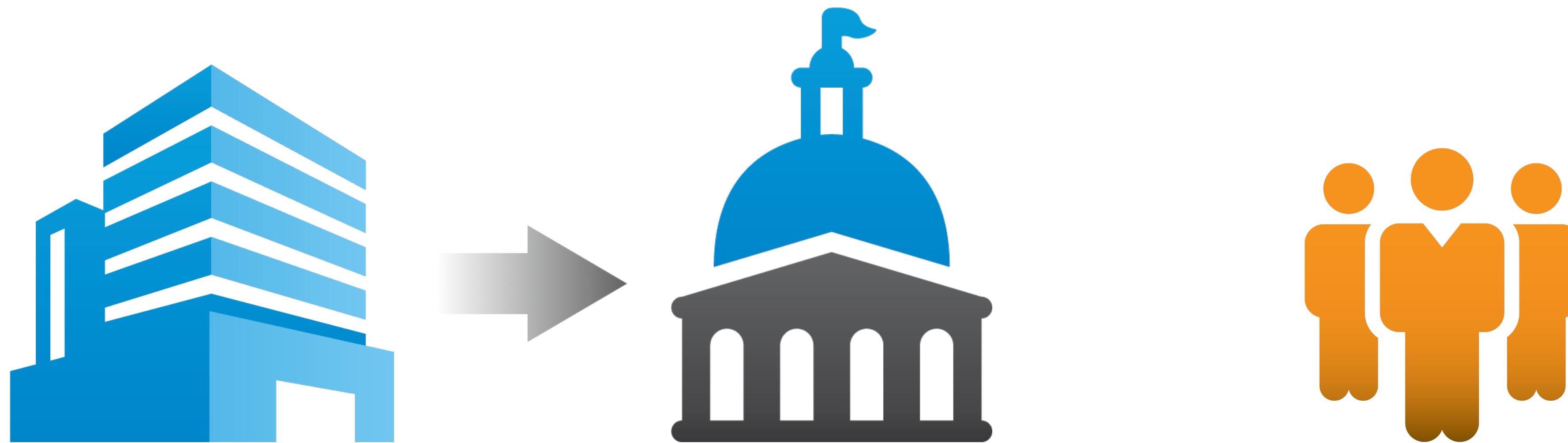
PRINCIPLE 1: CHOICE

Suppose you are a business in a regulated industry which wants to gain access to customers.



PRINCIPLE 1: CHOICE

In a regulated industry, a local government serves as a gatekeeper customer for that jurisdiction.



PRINCIPLE 1: CHOICE

But the law is a function of latitude and longitude, and a business can choose.
A single jurisdiction strategy has the demerits of a sole supplier strategy.



PRINCIPLE 1: CHOICE

Lyft/Uber monetize in California while being harassed in Texas.

The screenshot shows a news article from reason.com's HIT & RUN blog. The headline reads "Give Someone a Ride, Get Arrested: San Antonio Threatens Lyft". The author is Brian Doherty, and the date is Mar. 27, 2014 1:35 pm. The article discusses how San Antonio Police are threatening to arrest drivers who use ride-hailing services like Lyft. It includes a quote from Chief of Police William McManus: "'You might be one of these drivers who is summoned for a ride, and you won't be summoned you,' [Chief of Police William] McManus warned. 'It could be a problem you'll be in trouble.'" Below the article, there is a photo of a silver car with a pink ribbon attached to its bumper, which is a common symbol for ride-hailing services.

The screenshot shows a news article from KQED News' news fix blog. The headline reads "Lyft, UberX Receive 3-Year Licenses to Operate in California". The author is Jon Brooks, and the date is April 15, 2014. The article discusses how both Lyft and UberX have received three-year operating licenses in California. It includes a photo of a silver car with a pink ribbon attached to its bumper, similar to the one in the previous screenshot. The article also mentions that 1200 WOAI news was first to report earlier this week that Lyft, which bills itself as 'a car,' is looking for drivers in San Antonio.



PRINCIPLE 1: CHOICE

Google Fiber couldn't do it in Mountain View.
So, they went national.

The screenshot shows a news article from KCBizBeat. The title is "Wish they all could be California gigabits? 'Actions have consequences,' Google Fiber official says". The author is Alyson Raletz, a reporter for the Kansas City Business Journal. The article discusses Google Fiber's decision to expand outside California. It includes a photo of a Google Fiber sign on a building and a video player showing a Bloomberg video titled "How Long Can the Bond R...".

May 29, 2013, 6:11pm CDT | UPDATED: Feb 9, 2014, 2:29pm CST

KCBizBeat

[f](#) [in](#) [t](#) [g +1](#) [r](#) [e](#) [s](#) [p](#)

Wish they all could be California gigabits? 'Actions have consequences,' Google Fiber official says

Alyson Raletz
Reporter
Kansas City Business Journal
[Email](#) | [Twitter](#) | [Google+](#) | [LinkedIn](#)

With Google Inc. installing Internet networks in Missouri, Kansas, Texas and Utah — a Google Fiber executive addressed why the network so far has avoided its home state of California.

"Actions have consequences," Milo Medin, vice president of Google Access Services, said Wednesday.

The comments came in response to a question from the audience during a Fiber to the Home Council Americas conference in Kansas City.

Lenexa Logistics Centre

Belton Regional Medical Center
Centerpoint Medical Center
Lafayette Regional Health
Lee's Summit Medical Center
Menorah Medical Center
Overland Park Regional Medical Center
Research Medical Center
Research Medical Center

Videos

US 10-year yield

Julie Denesha | Bloomberg

Google's headquarters is in Mountain View, Calif., but it first launched its 1-gigabit Internet network in Kansas City, Kan., and Kansas City, Mo., in 2012.

(Wells Fargo) Creating a Marketing Plan

Most Popular

Google fiber



PRINCIPLE 1: CHOICE

Blocked in Mountain View, they set up an auction of sorts. More than 1,100 cities applied to get Google to come.

The Final Tally: More Than 1100 Cities Apply For Google's Fiber Network

Posted Mar 27, 2010 by Leena Rao (@leenarao)

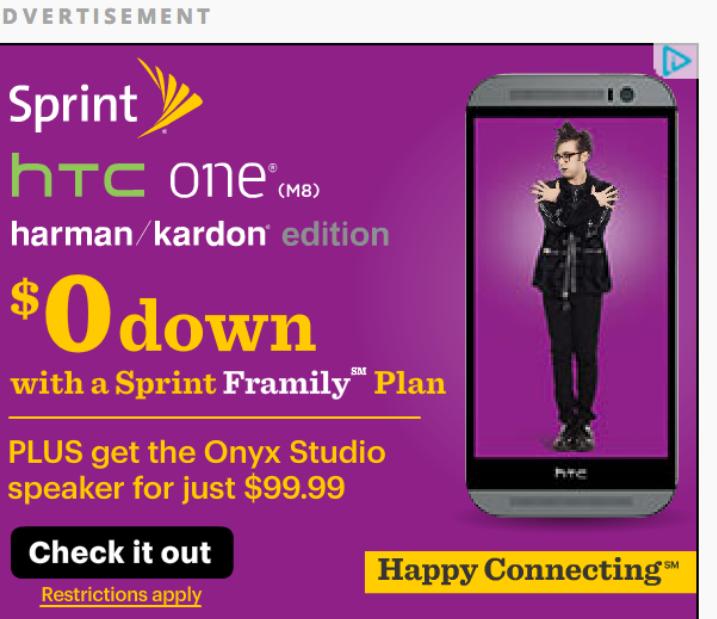
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[Next Story](#)



Yesterday, Google product manager James Kelly [posted a blog post](#) stating that 600 communities applied to be a guinea pig for the search giants [experimental fiber network](#). And 190,000 individuals wrote letters of support for their communities to be chosen. But the

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Google fiber



PRINCIPLE 1: CHOICE

Google did not ask for tax breaks; it asked only for the suspension of obsolete regulations.

The screenshot shows a news article from NBC News. At the top, there's a navigation bar with links for Outlook, More, bing, TODAY, Nightly News, Meet the Press, Dateline, Morning Joe, Hardball, Ed, Maddow, The Last Word, and msnbc. Below that is a secondary navigation bar with links for Home, US, World, Politics, Business, Sports, Entertainment, Health, Tech, Science, Travel, Local, and Weather. The main headline reads "Winner of Google's ultra-fast broadband network is...". A sub-headline below it says "Kansas City, Kan., to be first city to get system 100 times faster than most connections". To the right of the headline is a small graphic with a tree and the text "Give trees room to grow". The main article title is "How Kansas City scored the biggest technological coup of the century". It includes bylines for Joelle Tessler and Maria Sud, both from Associated Press, and a date of March 31, 2014. The article discusses Google's announcement to bring its fiber network to Kansas City, noting it would be 100 times faster than most existing connections. It also mentions that Google has temporarily renamed itself "Google Fiber". A large image at the bottom shows a building facade with colorful, glowing vertical panels in red, yellow, green, and blue, representing the fiber optics.

Google fiber



PRINCIPLE 1: CHOICE

With choice, the hidden cost of regulation became apparent. 100X increase in speed at same cost!

A quick look at Google Fiber pricing v. the incumbents

by Stacey Higginbotham APR. 8, 2013 - 7:04 AM PDT

12 Comments +1

A▼ A▲

How much broadband costs in Austin.

Service provider	Cost
Google Fiber (gigabit broadband only)	\$70 monthly
Google Fiber (gigabit + TV)	\$120 monthly
Google Fiber (5 Mbps)	\$300 install fee and \$0 monthly
AT&T U-verse (24/6 Mbps only)	\$55 with \$200 install fee
AT&T U-verse (24/6 + TV)	\$99 monthly with 1-year contract
AT&T U-verse (6Mbps)	\$20 with \$200 install fee
Time Warner Cable (50/5 Mbps package)	\$79 monthly plus \$20 install fee
Time Warner Cable (50/5 Mbps + TV)	\$172 monthly with a \$90 install fee
Time Warner Lite (3/1 Mbps)	\$34 a month

Google fiber



PRINCIPLE 1: CHOICE

Choice proved that local regulations held back tech.
34 cities to follow - now including Mountain View.

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Regulatory Concessions Paved the Way for Google Fiber

Posted January 30th, 2013 by BFA Staff
Why did Google choose Kansas City? Elise Ackerman, "...the key thing was that the city had a very open regulatory environment." Municipalities across the U.S., nearly all of which have some kind of broadband project, but too few had a regulatory environment that was "open and flexible." "Regulation can get in the way of innovation," she said. "Regulations tied to physical infrastructure can slow down the pace of broadband network expansion." Broadband World Forum.

Milo Medin, Google's vice president of engineering, explained how regulations can constrain the company's ability to expand its network. "Let's start with rights-of-way," he said. "Private companies need in order to lay fiber are often subject to unreasonable fees, anti-investment rules, and unnecessary expense and complexity of obtaining permits." The cost of getting permission to use utility poles should be easier and less expensive, so that the costs so much that any savings can be passed along to consumers. Even after the fiber network's deployment, Google still considered the range of services it planned to offer. "We looked at doing that. The cost of building a network is significant," he said. "However, in the United States, the FCC has been very supportive of NetCompetition.org Chairman Scott Bradner's proposal to encourage cities that want super-fast, 21st century networks to do so without regulation." This should be a wake-up call to the telecommunications and regulation agencies to consider the needs of their citizens. Simply, "local governments are an unnecessary drag on investment; a barrier to innovation and growth for them."

Susan Crawford, forever the pessimist, argued that other measures of cities' user-friendlyness are important. "It's not just about the regulatory environment," she said. "It's also about the political culture, the way that elected officials think about the role of government in the economy, and the way that they approach issues like broadband."

INTERNET

Google Fiber, Ultrahigh-Speed Internet, May Expand to 34 New Cities

By CLAIRE CAIN MILLER FEBRUARY 19, 2014 7:52 PM 17 Comments



Google fiber



PRINCIPLE 1: CHOICE

Problem: Federal Regulation Restricts Choice Nationally

Fiber/Airbnb/Lyft can employ choice because local & state laws vary. But what if federal regulations are imposed?

Drone Regulations

The FAA Stakes Out Its Turf in the Drone Wars

By Justin Bachman | December 26, 2013

[f](#) [t](#) [in](#) [g+](#)

The FAA Knew a Commercial Drone Pilot Broke No Laws, Fined Him \$10K Anyway

Well before Amazon's drone deliveries to the public, there were unmanned devices

May 13, 2014 // 02:00 PM EST

Judge overturns first FAA fine against drone operator

Bart Jansen, USA TODAY 3:46 p.m. EST March 7, 2014

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(Photo: Ben Garver AP)

Raphael Pirker and his

A federal judge has thrown out the first fine against a commercial drone operator, as the Federal Aviation Administration struggles to regulate the fast-developing industry.

Judge Patrick Geraghty of the National Transportation Safety Board, who heard the appeal of the \$10,000 FAA fine against Raphael Pirker, ruled Thursday that there was "no enforceable FAA rule" or regulation that applied to a model aircraft such as the one Pirker was flying.

The FAA issued a statement Friday saying it would appeal the ruling to the full NTSB, which has the effect of delaying the decision.

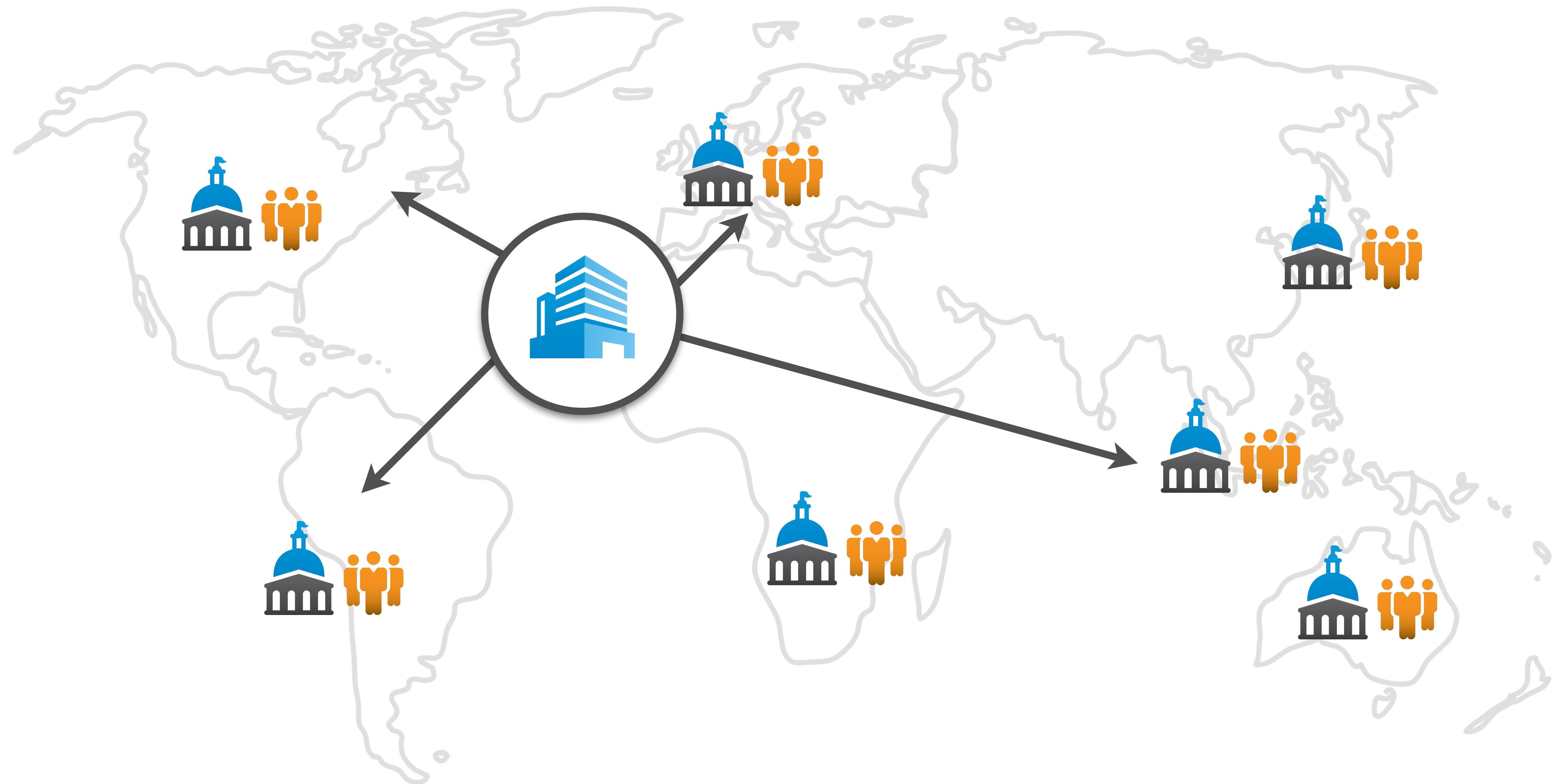
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PRINCIPLE 1: CHOICE

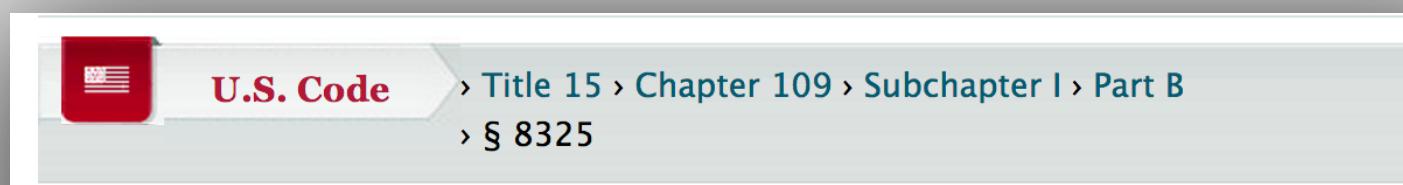
Solution: for federal regulation, we generalize choice principle to international scale.



PRINCIPLE 1: CHOICE

Problem: Harmonization Restricts Choice Internationally

Single point of failure: one wrong regulator can be wrong for whole world. Ex: drones, self-driving cars. What then?



U.S. Code > Title 15 > Chapter 109 > Subchapter I > Part B
§ 8325

15 U.S. Code § 8325 - International harmonization

Current through Pub. L. No. 113-76, H.R. 1014, 127 Stat. 141, on 2013-01-02.

US Code **Notes**

Federal Aviation Administration

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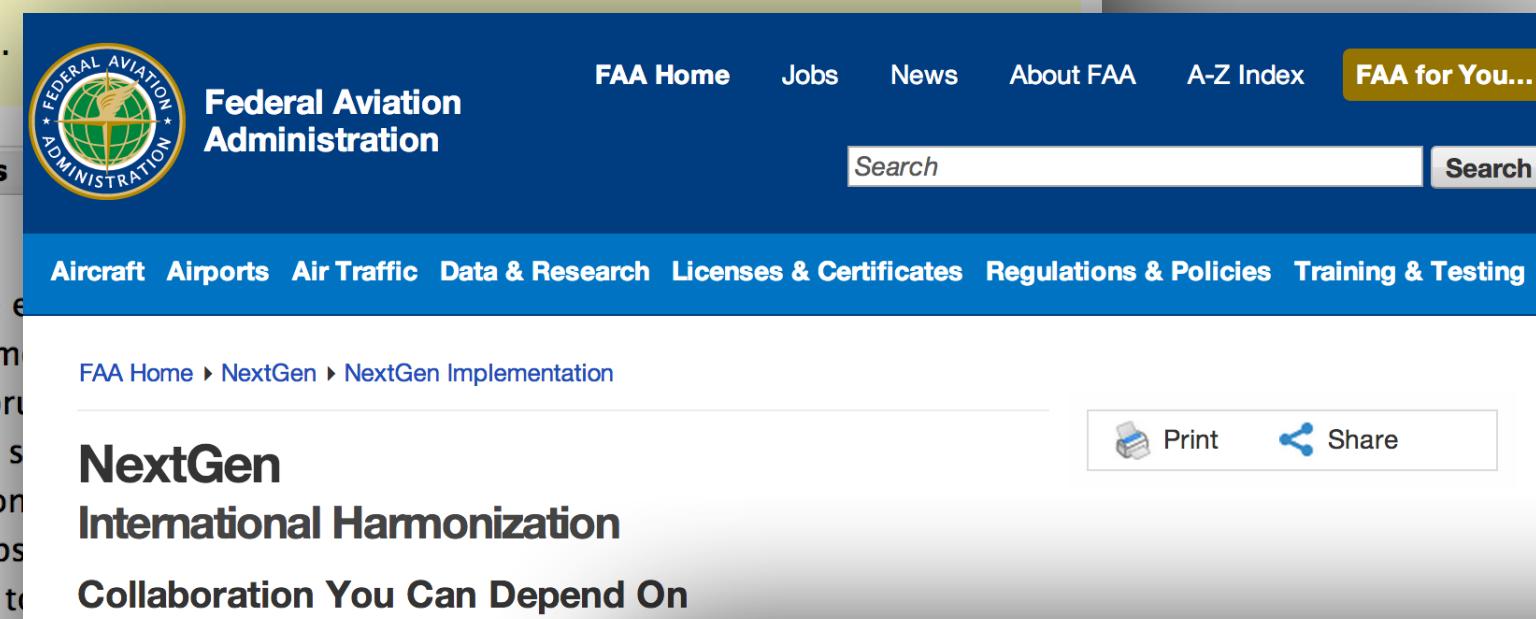
Aircraft Airports Air Traffic Data & Research Licenses & Certificates Regulations & Policies Training & Testing

FAA Home > NextGen > NextGen Implementation

NextGen
International Harmonization

Collaboration You Can Depend On

(a) In order to promote efficient and effective international harmonization of rules and regulations relating to aircraft based swaps, the Commission, the Commodity Futures Trading Commission, and the appropriate Federal Aviation Administration, as appropriate, shall establish a committee to consider the establishment of common rules and regulations (including fees) of swaps between the United States and other entities and may agree to enter into agreements to be necessary or appropriate to facilitate swaps between counterparties, and secure the participation of other countries.



Federal Aviation Administration

Aircraft Airports Air Traffic Data & Research Licenses & Certificates Regulations & Policies Training & Testing

FAA Home > NextGen > NextGen Implementation

NextGen
International Harmonization

Collaboration You Can Depend On



U.S. Food and Drug Administration Protecting and Promoting Your Health

Home Food Drugs Medical Devices Radiation-Emitting Products Vaccines, Blood & Biologics

Vaccines, Blood & Biologics

International Activities

PAHO/WHO Collaborating Center
WHO Cooperative Agreements
WHO Vaccine Prequalification Program

Regulatory Harmonization

The term "regulatory harmonization" can have different definitions depending on the context. One definition that is applicable to those efforts CBER is involved with is: the process of aligning regulations and/or application of technical guidelines can be made to be uniform or harmonized. This can occur when a country or organization engages in a range of explicit harmonization initiatives, a subset of which may be part of a broader regional or international agreement.



PRINCIPLE 1: CHOICE

Solving international harmonization is perhaps the most important question in technology.

Part of solution: Early adopter cities. 50 Silicon Valleys.

How Kansas City scored the biggest technological coup of the century

KANSAS CITY MARCH 31, 2014 by MEGAN BANNISTER & JORDAN PASCALE



A World Map of All the “Next Silicon Valleys”

Want a catchy

By Chris Kin



original Si
patience.
to be the
Silicon Al
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The list go

In our ser
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—and eve

THE NEXT SILICON VALLEY WHERE WILL IT BE? DEC. 19 2013 12:37 PM

DISRUPTIONS

Marc Andreessen on the Future of Silicon Valley(s), and the Next Big Technology

By NICK BILTON

MAY 18, 2014 11:00 AM 23 Comments

In Mr. Andreessen’s view, there shouldn’t be 50 Silicon Valleys. Instead, there should be 50 different kinds of Silicon Valley. For example, there could be Biotech Valley, a Stem Cell Valley, a 3-D Printing Valley or a Drone Valley. As he noted, there are huge regulatory hurdles in many of these fields. If a city wanted to spur innovation around drones, for instance, it might have to remove any local legal barriers to flying unmanned aircraft.

The New Silicon Valleys

Places journalists have called the "New Silicon Valley."



PRINCIPLE 1: CHOICE

Solving international harmonization is perhaps the most important question in technology.

Part of solution: Non-US countries as early adopters.

How Estonia became E-stonia

By Tim Mansel
BBC News



Denmark Declares Bitcoin Trades are Tax-Free

Tom Sharkey | Published on March 2

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Ancient and modern
In some countries
realm of the new
But not in Estonia

Brazil leads the way on global commercial drone boom

They can monitor thousands of acres of Brazilian farmland and the border between the US and Mexico, but is the world ready for commercial drones?

SAO CARLOS, Brazil — With little more effort than it takes to launch a paper airplane, a man climbs atop a wooden table and tosses a yellow-and-white drone into the windy Brazilian skies.

With its four-foot wingspan and whiny, battery-powered engine, the drone, called Tiriba — or Parakeet in Portuguese — resembles a do-it-yourself model airplane. Yet many experts believe that portable UAVs — or unmanned aerial vehicles — like the Parakeet will refashion civilian life similar to the way militarized drones like the US-made Predator changed the face of modern warfare.

As he watches the UAV skid to a halt on a dirt landing strip after a five-minute flight, Adriano Kanelkis, the president of [AGX Tecnologia](#), which manufactures the \$35,000 device, predicts that legions of average people around the world will soon be operating drones.

"Drone technology will spread as the costs come down, just like cell phones or DVDs," Kanelkis told GlobalPost. In the future, he said, even commercial air travel will involve UAVs.

The New Silicon Valleys

Places journalists have called the "New Silicon Valley."



PRINCIPLE 1: CHOICE

Solving international harmonization is perhaps the most important question in technology.

Part of solution: Special Economic Zones for new tech.

How China Became Capitalist

By Ronald Coase and Ning Wang

No one foresaw that the “socialist modernization” that the post-Mao Chinese government launched would in 30 years turn into what scholars today have called China’s great economic transformation. How the actions of Chinese peasants, workers, scholars, and policymakers coalesce into this unintended consequence is the story we tried to capture. Today, we don’t need to present any statistical data to convince you the rise of the Chinese economy, even though China still faces enormous challenges ahead. Many Chinese are still poor, far fewer Chinese have access to clean water than to cell phones, and they still face many hurdles in protecting their rights and exercising their freedom. Nonetheless, China has been transformed from the inside out over the past 35 years. This transformation is the story of our time. The struggle of China, in other words, is the struggle of the world.

26 Years of Growth: Shanghai Then and Now

AUG 7, 2013 | 74



Reuters photographer Carlos Barria recently spent time in Shanghai, China, the fastest-growing city in the world. A week ago, he took this amazing shot, recreating the same framing and perspective as a photograph taken in 1987, showing what a difference 26 years can make. The setting is Shanghai's financial district of Pudong, dominated by the Oriental Pearl Tower at left, and the new 125-story Shanghai Tower, China's tallest building and the world's second tallest skyscraper, at 632 meters (2,073 ft) high, scheduled to finish by the end of 2014. Shanghai, the largest city by population in the world, has been growing at a rate of about 10 percent a year in the past 20 years, and now is home to 23.5 million people -- nearly double what it was back in 1987. This entry is focused on this single photo pairing, with several ways to compare the two. [3 photo pairs]



DIRECTIONS IN DEVELOPMENT
Trade

Special Economic Zones

Progress, Emerging Challenges, and Future Directions

Thomas Farole, Gokhan Akinci
Editors

THE WORLD BANK

Four Principles for Reinventing Regulated Industries

The most successful tech companies in regulated industries use these four principles.

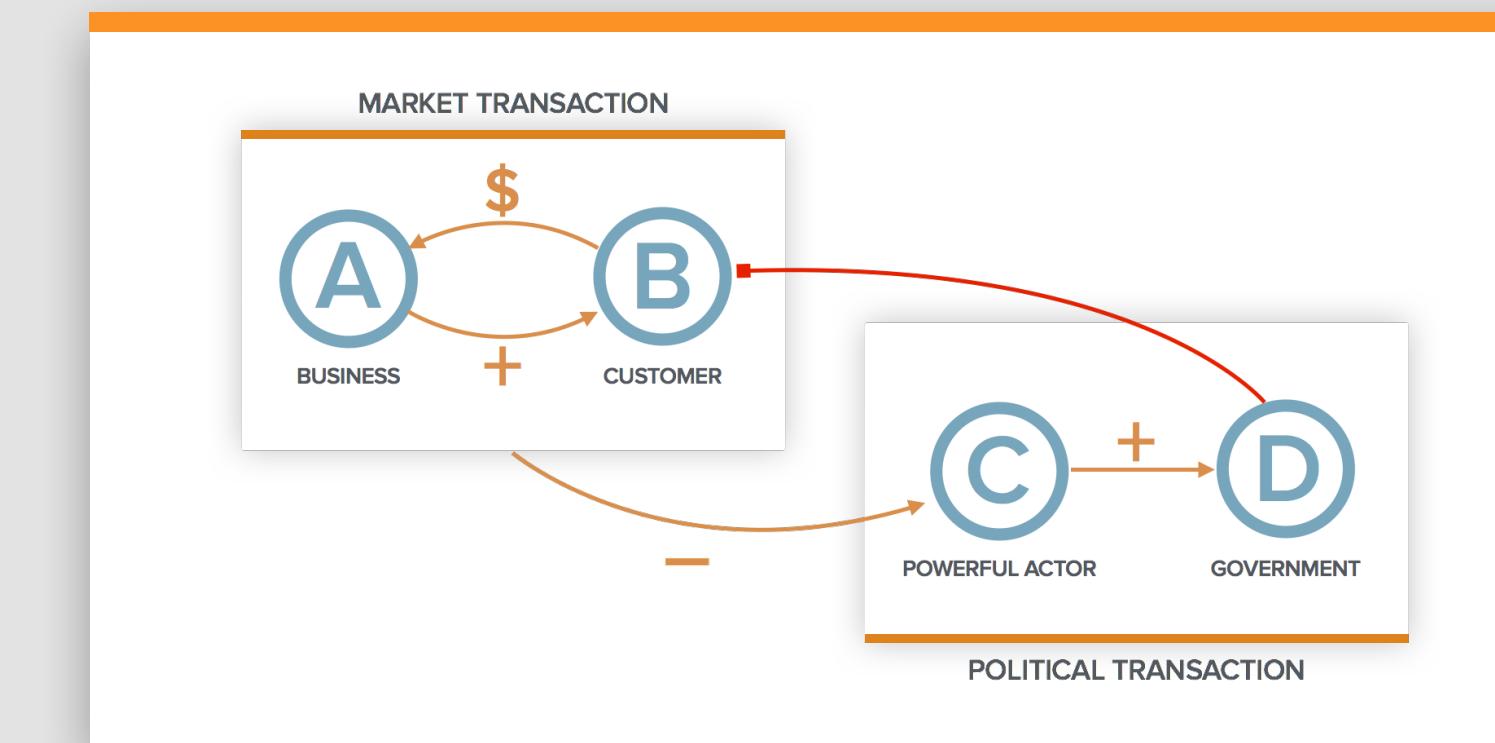
CHOICE

Build to exercise jurisdictional choice



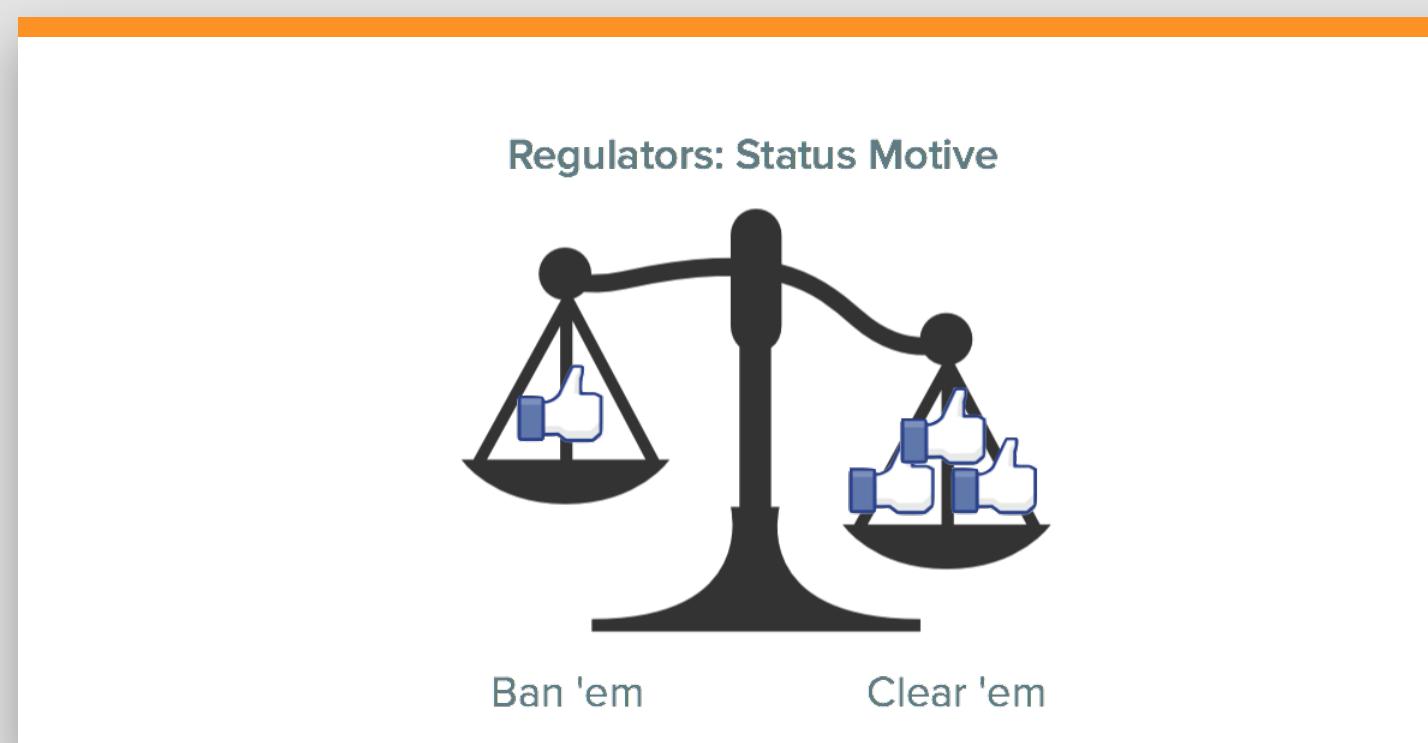
RESTRUCTURING

Use technology to legalize demand



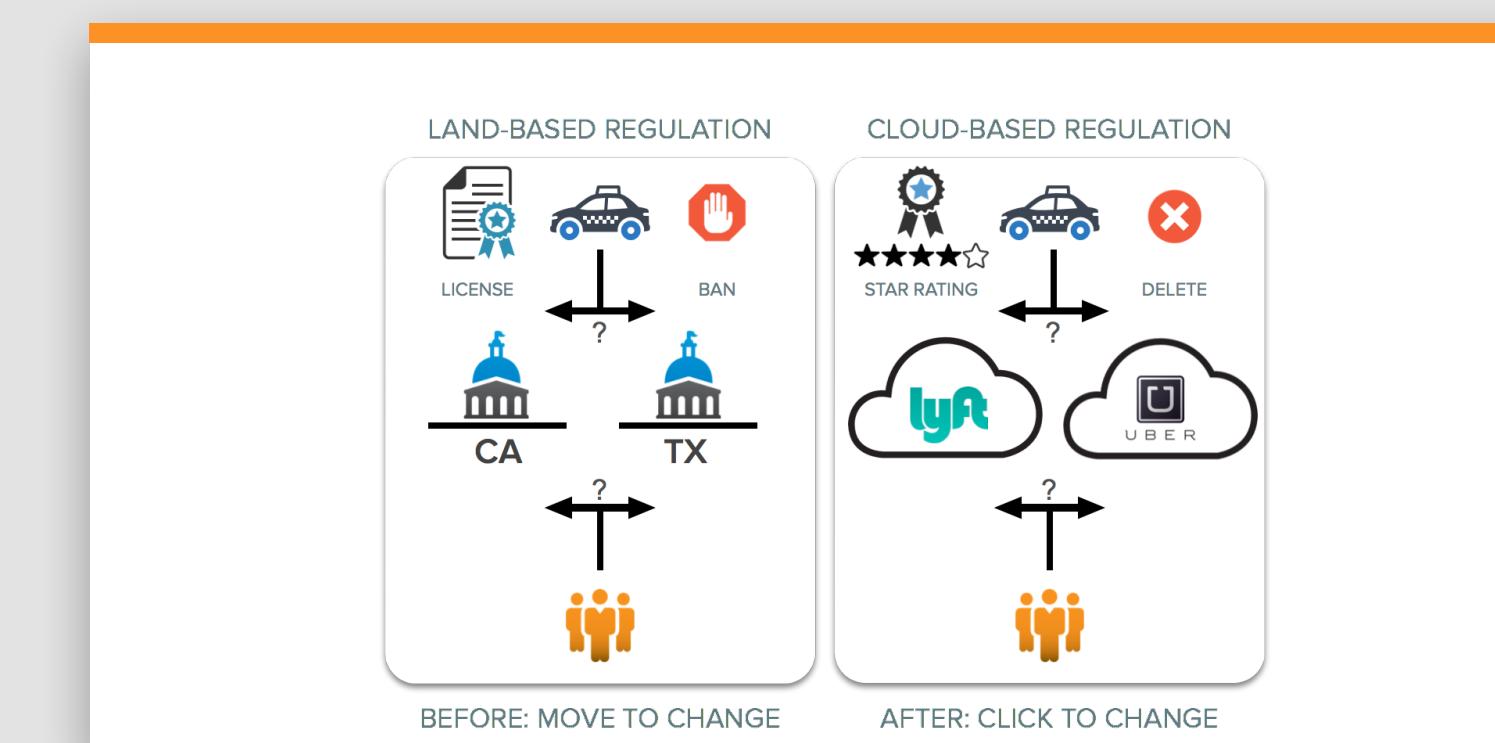
THE STATUS MOTIVE

Align status incentives via PR/social



REGULATION 2.0

Ultimately, become a better regulator

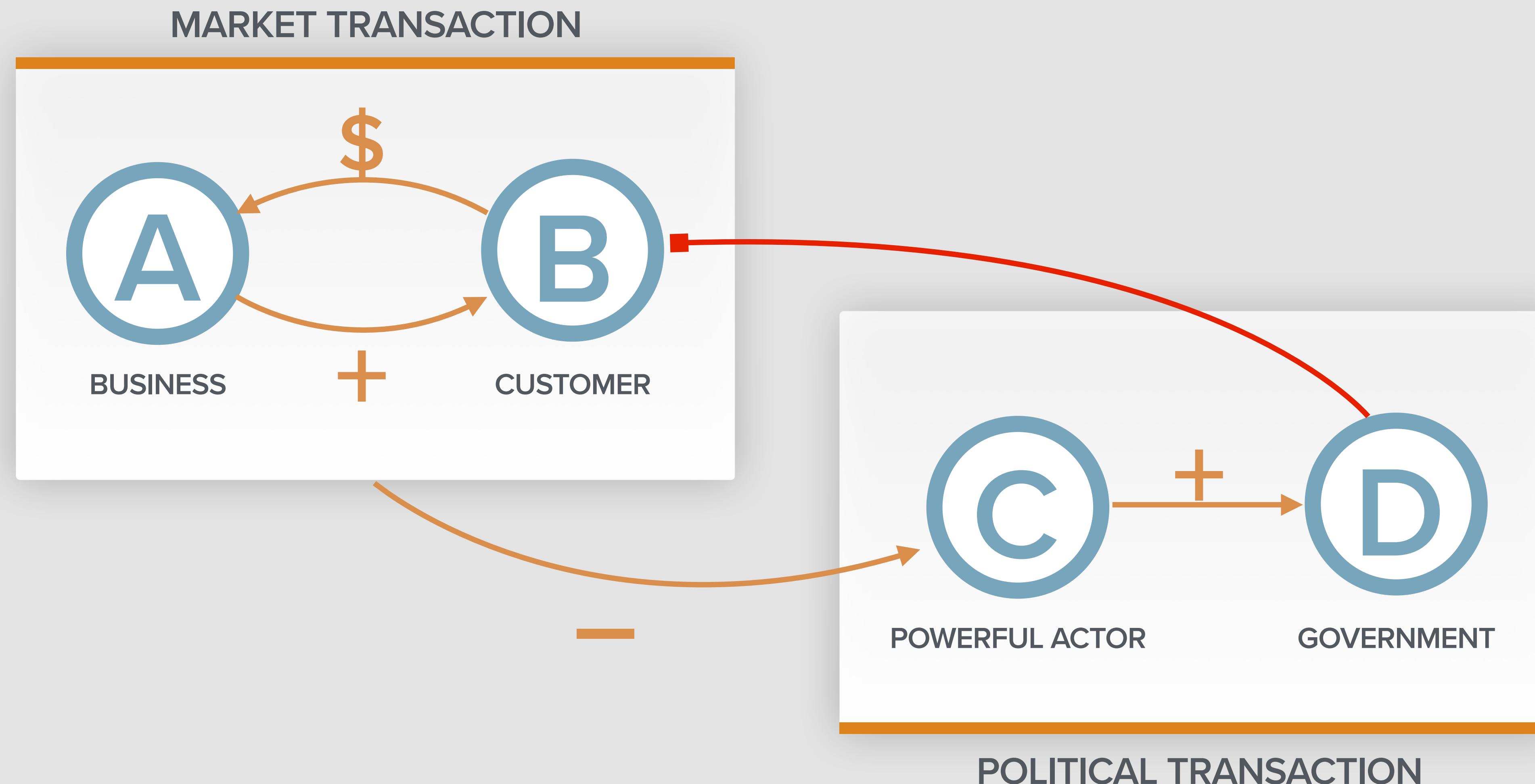


Principle 2: Restructuring

Use technology to restructure a previously restricted transaction

PRINCIPLE 2: RESTRUCTURING

Understanding the A/B/C/D of regulation. A sells, B buys. C suffers some consequence, and gets D to ban.



PRINCIPLE 2: RESTRUCTURING

Many technology companies build value by restructuring the A/B/C/D of transactions.

A SELLER	B BUYER	TRANSACTION	OBJECTION	C BLOCKER	D GOVERNMENT	STARTUP RESTRUCTURING	CONCEPT
Small business	Customer	24 hour sales	Late night noise	Neighbor	Local gov't	amazon.com 24 hour	C Objection obviated
Payment company	Vendor	Direct sales	Unlicensed money transmitter	Banks & competitors	State gov't	Square fundraising for politicians	D+ rev share
Car maker	Car buyer	Direct sales	Unlicensed dealer	Car dealers	State gov't	Tesla direct showrooms	D+ support
Private company	Investor	Buy shares	Non-public sale	Bank competitors	SEC	FB/Goldman SIV: non-US	D denied jurisdiction
Citizen driver	Traveller	Hail a cab	Unlicensed taxicab	Taxi unions	Local/State gov't	Uber internet petition	A/B org via web vs. D
Startup	Investor	Buy shares	Investor may lose money	Legacy banks	SEC	Angel List online petition	A/B petition of D+
Citizen host	Traveller	Sublet a room	Illegal hotels	Legacy hotels	State gov't	Airbnb online booking	D+ support
Car maker	Customer	Install video dashboard	Distracted driving	Other drivers	NTSB	Google self-driving car	C objection obviated
Plane inventor	Test pilot	Test new plane	Possible harm to pilot	Concerned citizens, FAA	FAA	Unmanned drones	C objection obviated

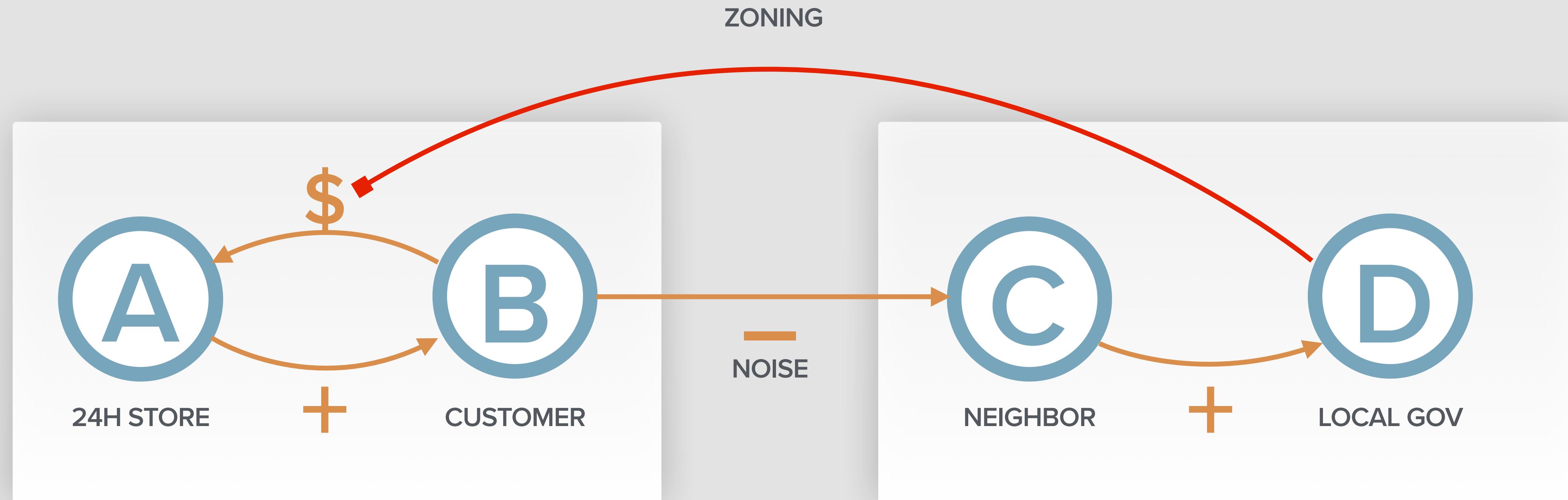
PRINCIPLE 2: RESTRUCTURING

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Startup	Investor	Buy shares	Investor may lose money	Legacy banks	SEC	Angel List online petition	A/B petition of D+
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Car maker	Customer	Install video dashboard	Distracted driving	Other drivers	NTSB	Google self-driving car	C Objection obviated
Plane inventor	Test pilot	Test new plane	Possible harm to pilot	Concerned citizens, FAA	FAA	Unmanned drones	C Objection obviated

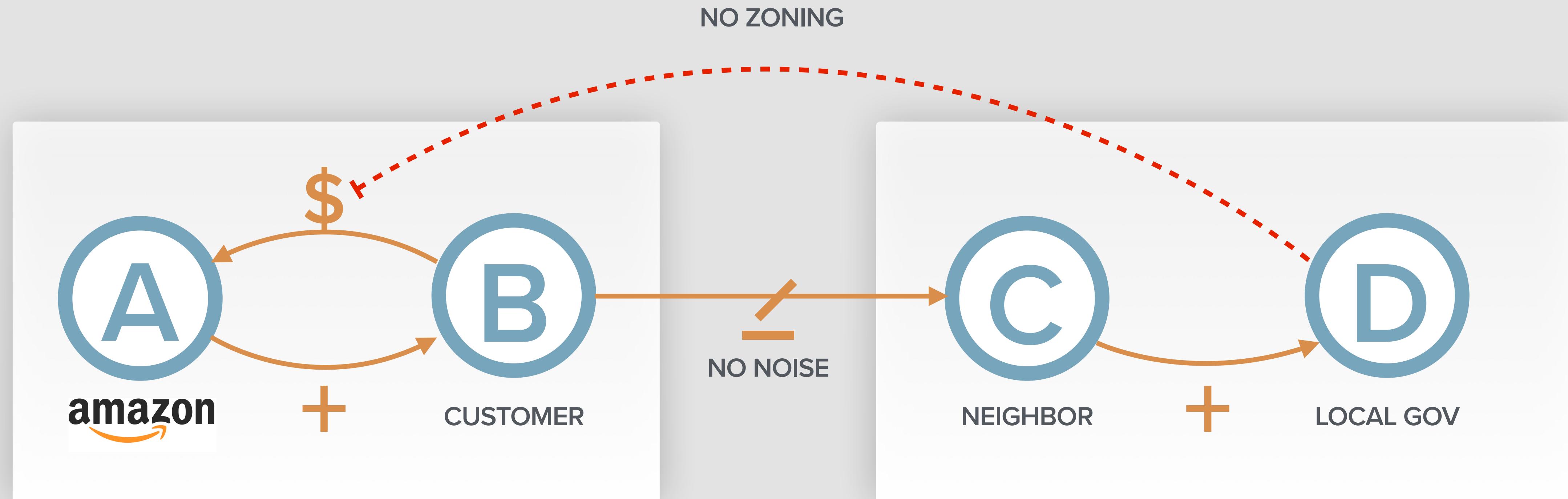
PRINCIPLE 2: RESTRUCTURING

A local store (A) tries to sell to customers (B) 24 hours per day. Neighbors (C) may complain about the noise and get local govt (D) to zone, restricting the transaction.



PRINCIPLE 2: RESTRUCTURING

With technology this transaction can be restructured. Amazon (A) can sell 24H per day to customers (B) without causing noise heard by neighbors (C). Govt (D) takes no action.



PRINCIPLE 2: RESTRUCTURING

Let's go through another example with Tesla, where the "externality" is simply lost revenue.

A SELLER	B BUYER	TRANSACTION	OBJECTION	C BLOCKER	D GOVERNMENT	STARTUP RESTRUCTURING	CONCEPT
Small business	Customer	24 hour sales	Late night noise	Neighbor	Local gov't	amazon.com 24 hour	C Objection obviated
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Car maker	Car buyer	Direct sales	Unlicensed dealer	Car dealers	State gov't	Tesla direct showrooms	D+ support
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Plane inventor	Test pilot	Test new plane	Possible harm to pilot	Concerned citizens, FAA	FAA	Unmanned drones	C Objection obviated

PRINCIPLE 2: RESTRUCTURING

Like the Apple Store, Tesla faces a patchwork of regulations in their attempt to sell direct to customers.

The New York Times

The Opinion Pages | EDITORIAL

Car Dealers Tilting at Tesla

By THE EDITORIAL BOARD MARCH 26, 2014

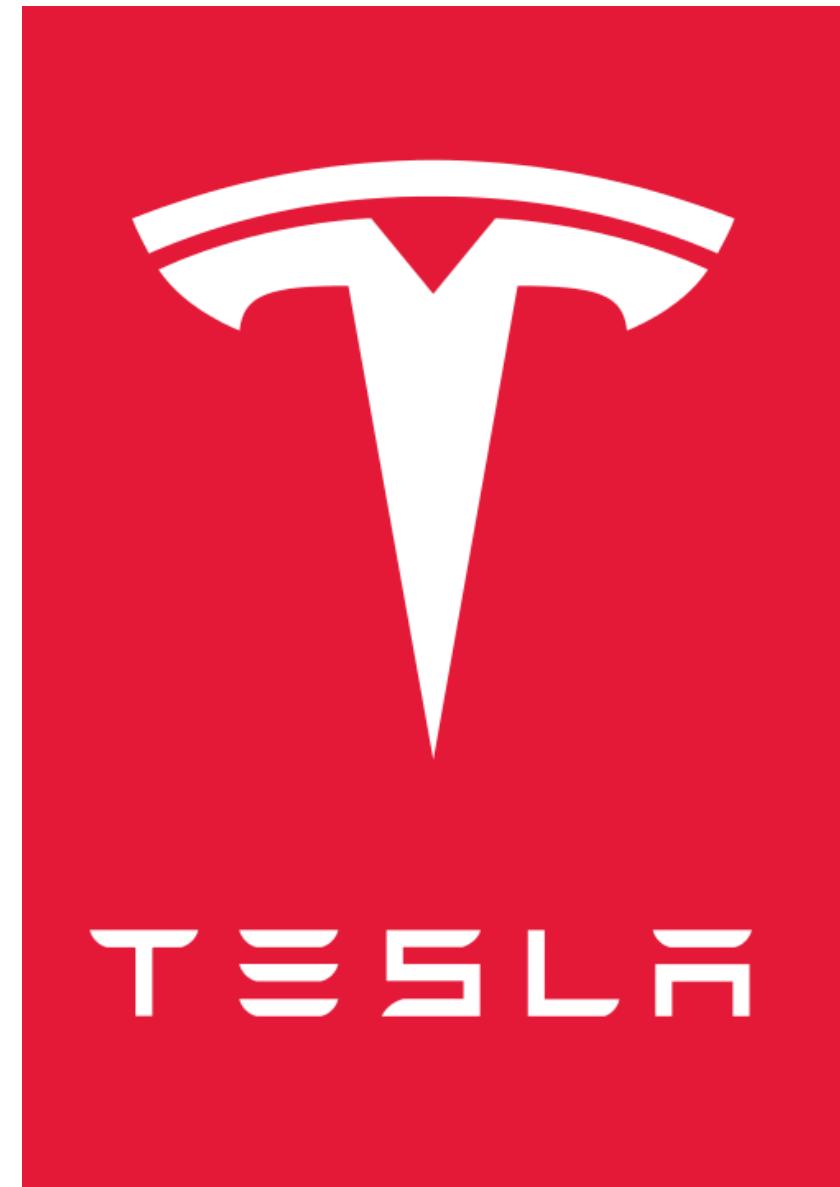
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Car dealers in New York, New Jersey and several other states are waging legal, legislative and regulatory campaigns to stop Tesla, the fast-growing electric-car company, from selling its vehicles directly to consumers. These moves are little more than attempts to protect an old retail model by limiting consumer choices.

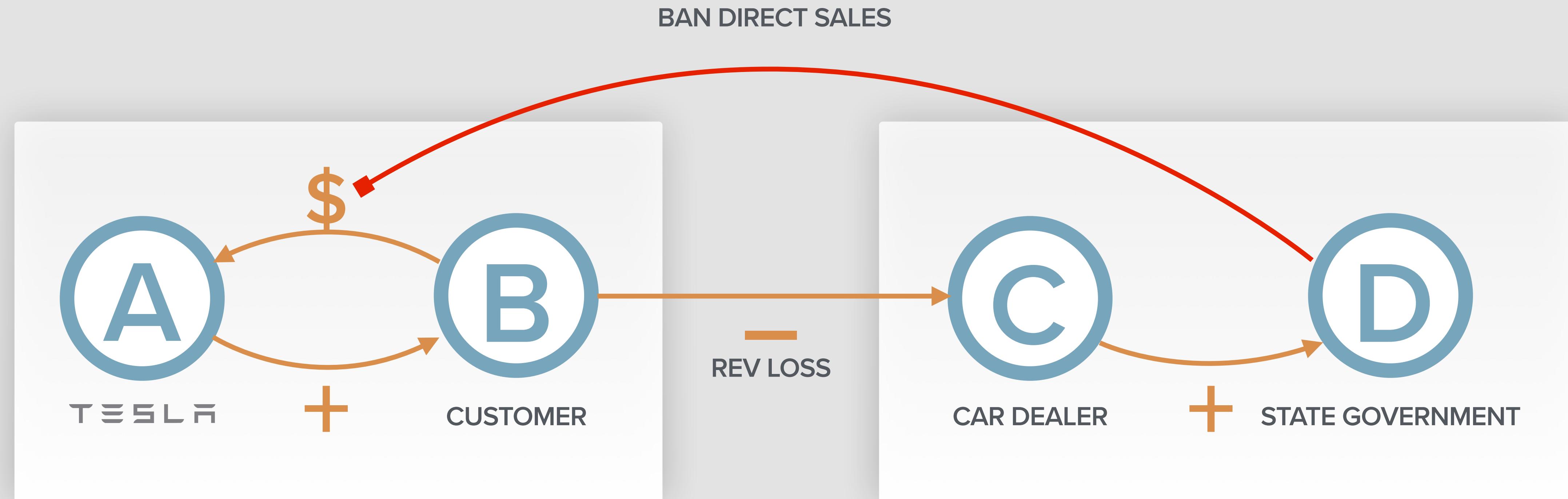
In Ohio, dealers are [suing](#) Tesla, arguing that it is violating state auto franchise laws. In New Jersey, the state Coalition of Automotive Retailers has successfully pressed the Motor Vehicle Commission to [forbid](#) sales at two Tesla-owned retail stores. And, in New York, dealers' associations are [lobbying legislators](#) to prohibit car manufacturers from bypassing dealerships and selling directly to consumers.

The auto sales industry grew up decades ago when carmakers contracted with independently owned dealerships to sell and service their cars. Many state laws regulating car sales came out of that model. Some, like [lemon laws](#), clearly protect consumers. Others, like restrictions on retail sales by automakers, were meant to [protect dealers](#) from having to compete with their suppliers. Some states, like [Texas](#), prohibit direct sales, while others, like [New York](#), have allowed direct sales by companies like Tesla that never contracted with franchised dealers.



PRINCIPLE 2: RESTRUCTURING

When Tesla sells direct to customers, car dealers lose revenue and petition the state government to ban.



PRINCIPLE 2: RESTRUCTURING

But Tesla got the federal government (D+) on their side due to the DOE loan program...

The screenshot shows a news article on the Energy.gov website. The header includes the Energy.gov logo, social media links (Facebook, Twitter, Email), and a search bar. The main navigation menu has options like PUBLIC SERVICES, SCIENCE & INNOVATION, ENERGY SAVER, ABOUT ENERGY.GOV, and OFFICES. The article title is "Moniz: Tesla Repayment Shows the Strength of Energy Department's Overall Loan Portfolio". It was published on May 22, 2013, at 4:24pm. Below the title are sharing options: Email, Facebook Share, Twitter Tweet, and Google+1. A sidebar on the left provides contact information: NEWS MEDIA CONTACT, phone number (202) 586-4940, and an email link. The main content discusses Tesla's early repayment of a \$465 million loan from the DOE. It quotes Secretary Ernest Moniz and provides context about the DOE's loan portfolio. The article concludes with a quote from Moniz about the future of America's auto industry.

Moniz: Tesla Repayment Shows the Strength of Energy Department's Overall Loan Portfolio

May 22, 2013 - 4:24pm

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NEWS MEDIA CONTACT

• (202) 586-4940

WASHINGTON -- Today, Tesla Motors repaid the entire remaining balance on a \$465 million loan from the Department of Energy nine years earlier than originally required. U.S. Energy Secretary Ernest Moniz made the following statement:

"When you're talking about cutting-edge clean energy technologies, not every investment will succeed -- but today's repayment is the latest indication that the Energy Department's portfolio of more than 30 loans is delivering big results for the American economy while costing far less than anticipated.

"More than 90 percent of loan loss reserve Congress established remains intact, while losses to date represent about 2 percent of the overall \$34 billion portfolio. The other 98 percent of the portfolio includes 19 new clean energy power plants that are adding enough solar, wind and geothermal capacity to power a million homes and displace 7 million metric tons of carbon dioxide every year -- roughly equal to taking a million cars off the road.

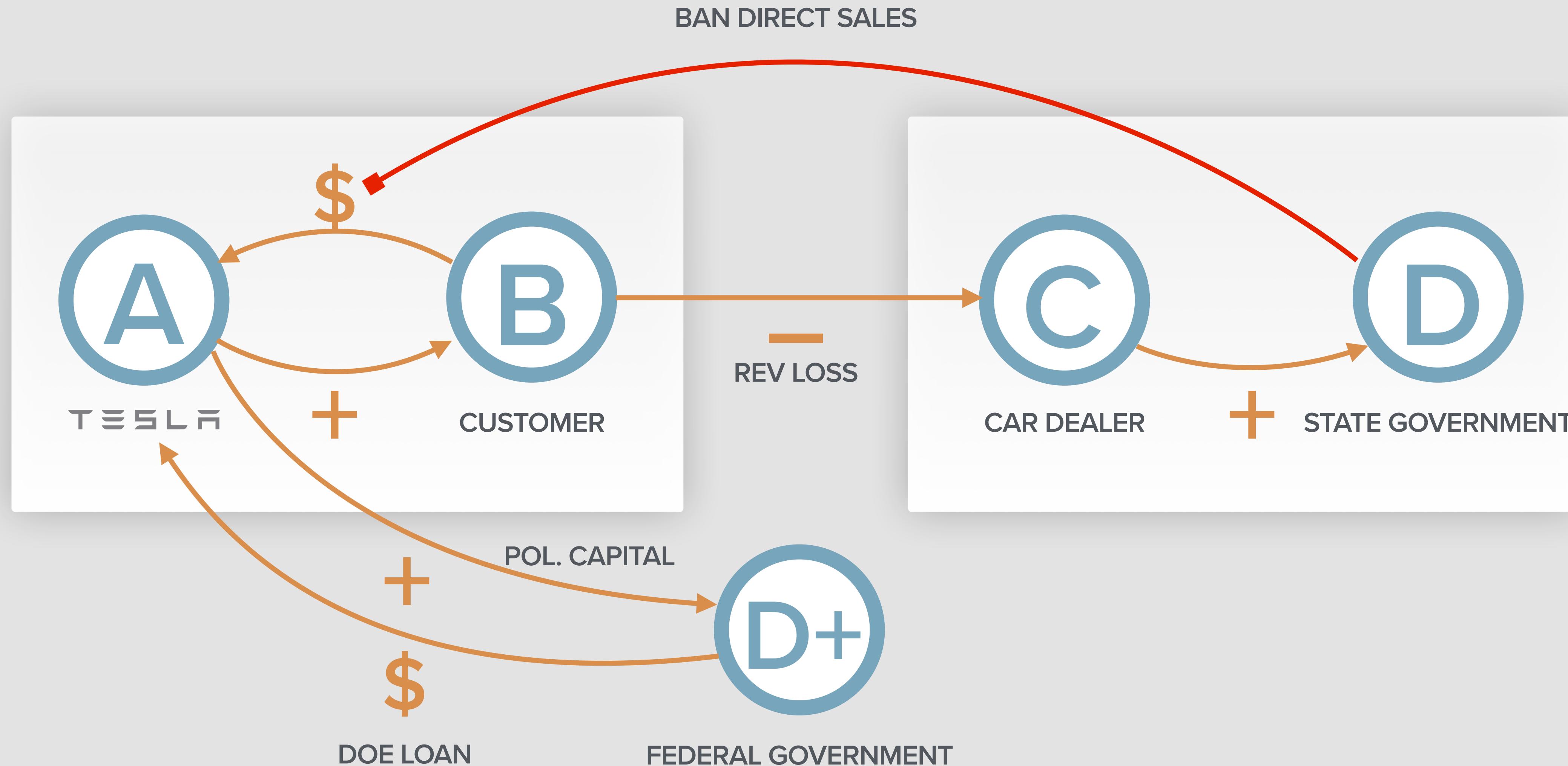
"The Department first offered loans to Tesla and other auto manufacturers in June 2009, when car companies couldn't get other financing and many people questioned whether the industry would survive. Today, Tesla employs more than 3,000 American workers and is living proof of the power of American innovation. This is another important contribution to what the Obama Administration has done to preserve and promote America's auto industry.

"Finally, this announcement is also good news for the future of America's growing electric



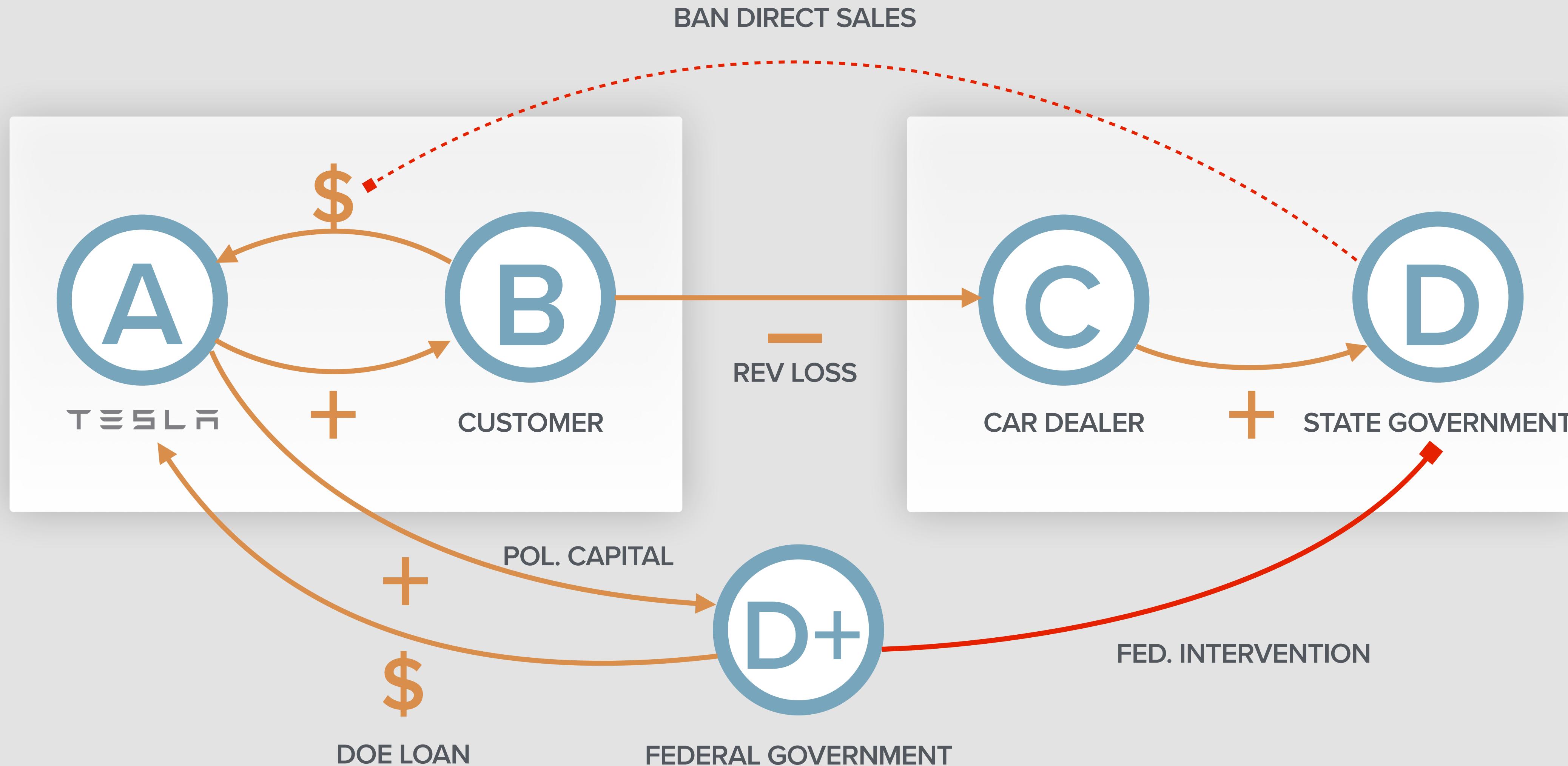
PRINCIPLE 2: RESTRUCTURING

But Tesla got the federal government on their side (D+) due to the DOE loan program...



PRINCIPLE 2: RESTRUCTURING

So they can call in D+ to intervene with D, giving them backup.



PRINCIPLE 2: RESTRUCTURING

A = Tesla, B = car buyer, C = dealers,
D = state government, D+ = federal government.

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Press on Your Side: Feds attack NJ's Tesla sales ban

David P. Willis, @dwillis732 5:23 p.m. EDT May 20, 2014

f 53 **t** 11 **in** 11 **h** 4 **g** 53 **c** 11 **l** 4 **m** 4 **o** 11

(Photo: BOB KARP/STAFF PHOTOGRAPHER)

The Federal Trade Commission's staff has put in its two cents over whether New Jersey should once again allow [Tesla Motors](#) to sell its iconic electric cars in the state.

Essentially, the FTC's staff response is, why not? Consumers, who now can only buy new cars from auto dealers and not directly from manufacturers such as Tesla, should have all options available to them.

"Consumers are the ones who are best situated to choose for themselves both the cars they want to buy and how they want to buy them," state the comments from the FTC's Office of Policy Planning, Bureau of Competition and Bureau of Economics. It didn't offer any opinion on whether buying a car from a dealer or a manufacturer is good, bad or preferred.

It all adds another layer to the conversation over Tesla.

In March, the [New Jersey Motor Vehicle Commission](#), in a move that was backed by the state's auto dealer association, said state law requires auto manufacturers to sell cars through dealer franchisees.

It was aimed squarely at Tesla Motors, which doesn't have franchised dealers. Tesla said the law is designed to prevent car companies from competing with their own independent dealers and doesn't apply to Tesla because Tesla has no dealer franchisees.

But it forced Tesla to stop selling cars out of its stores at the Mall at Short Hills and Garden State Plaza in Paramus. Those stores are now essentially more like galleries where people can ogle at and learn about the Tesla, but have to go online or to stores in Pennsylvania or New York to actually buy one.

Car dealers' view

MORE STORIES

Cops seek drive-up bank robber who fled without money May 23, 2014, 4:12 p.m.

I would save money to ease debt burden May 22, 2014, 10:02 a.m.

Tech Q&A: How can you make money on YouTube? May 20, 2014, 12:05 a.m.

Cupcakes saved money for the baker April 23, 2014, 12:09 a.m.

New Jersey may see cleanup money as revenue source April 27, 2014, 9:56 a.m.

NJ lawmakers: Christie not producing required reports



Four Principles for Reinventing Regulated Industries

The most successful tech companies in regulated industries use these four principles.

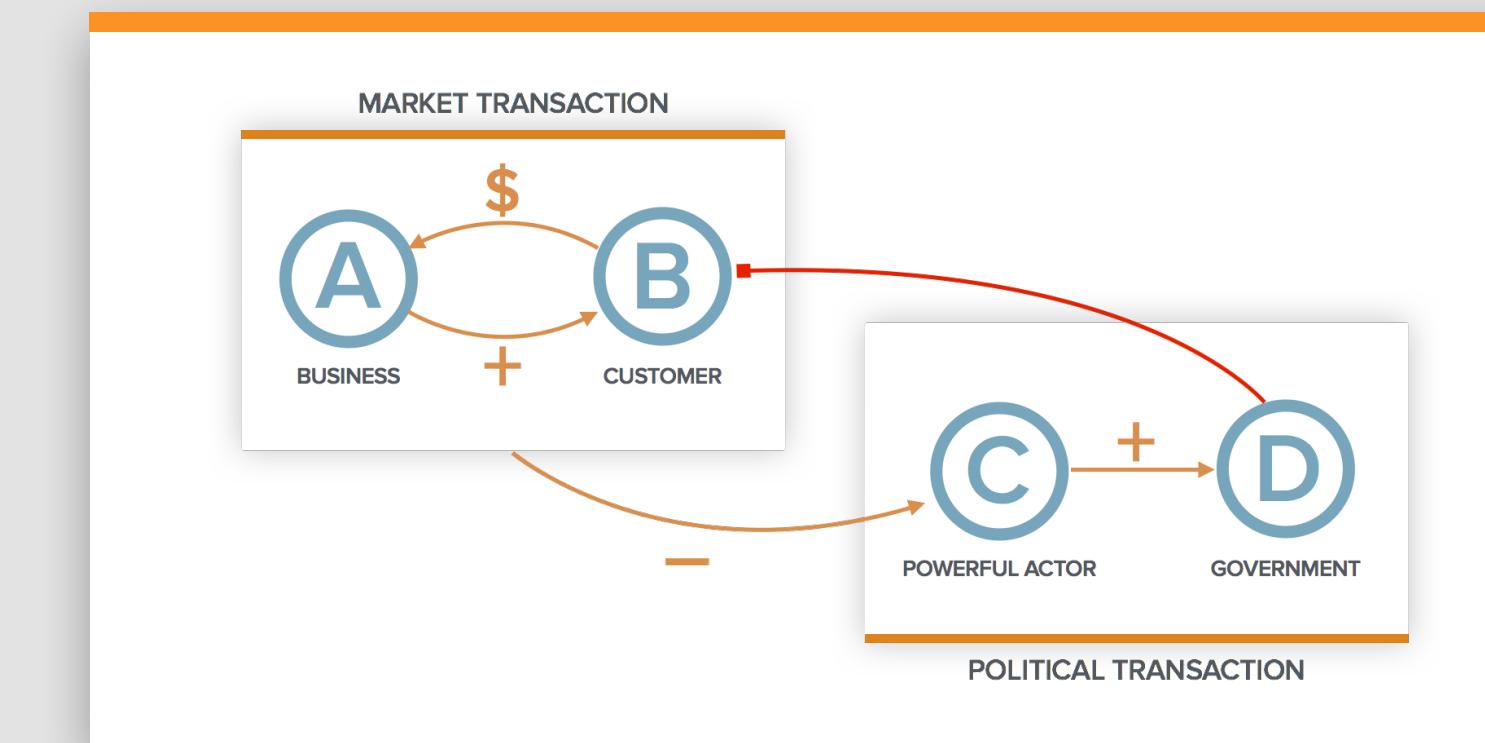
CHOICE

Build to exercise jurisdictional choice



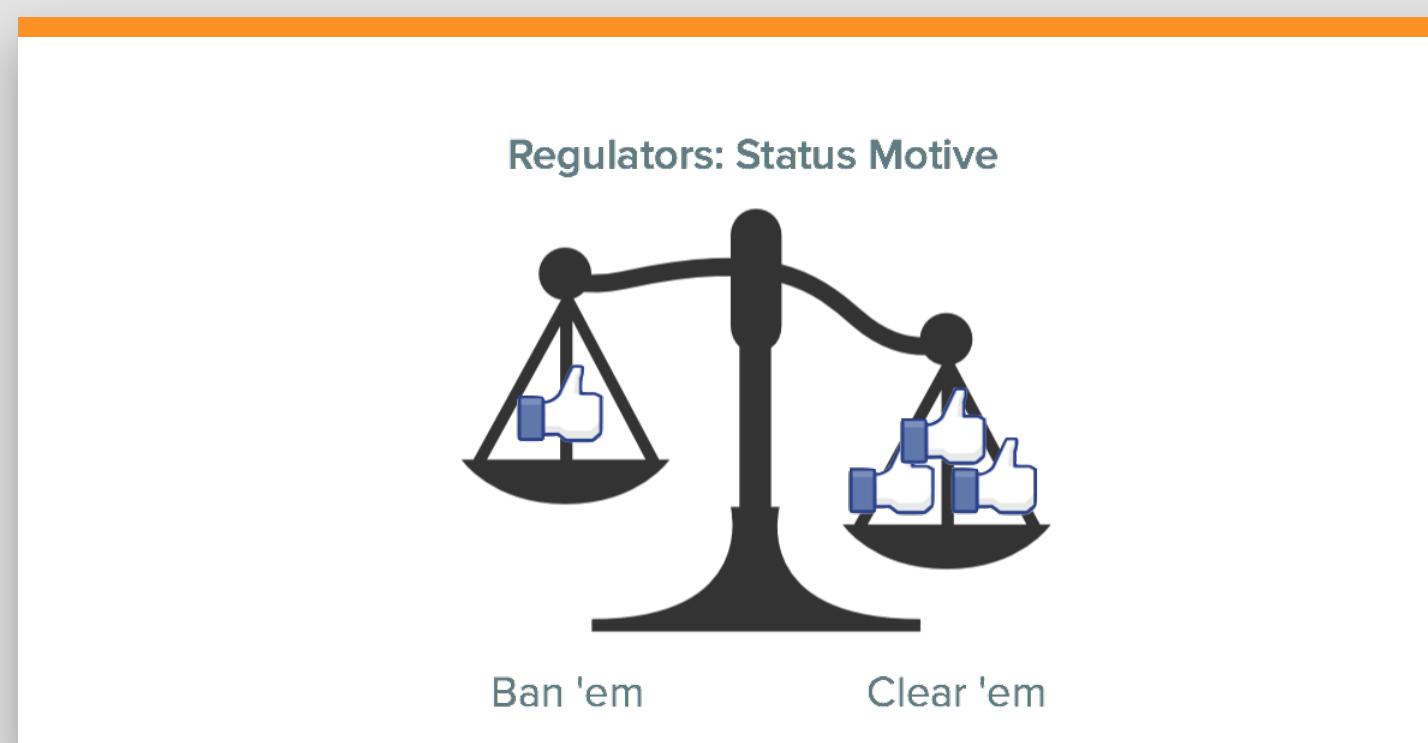
RESTRUCTURING

Use technology to legalize demand



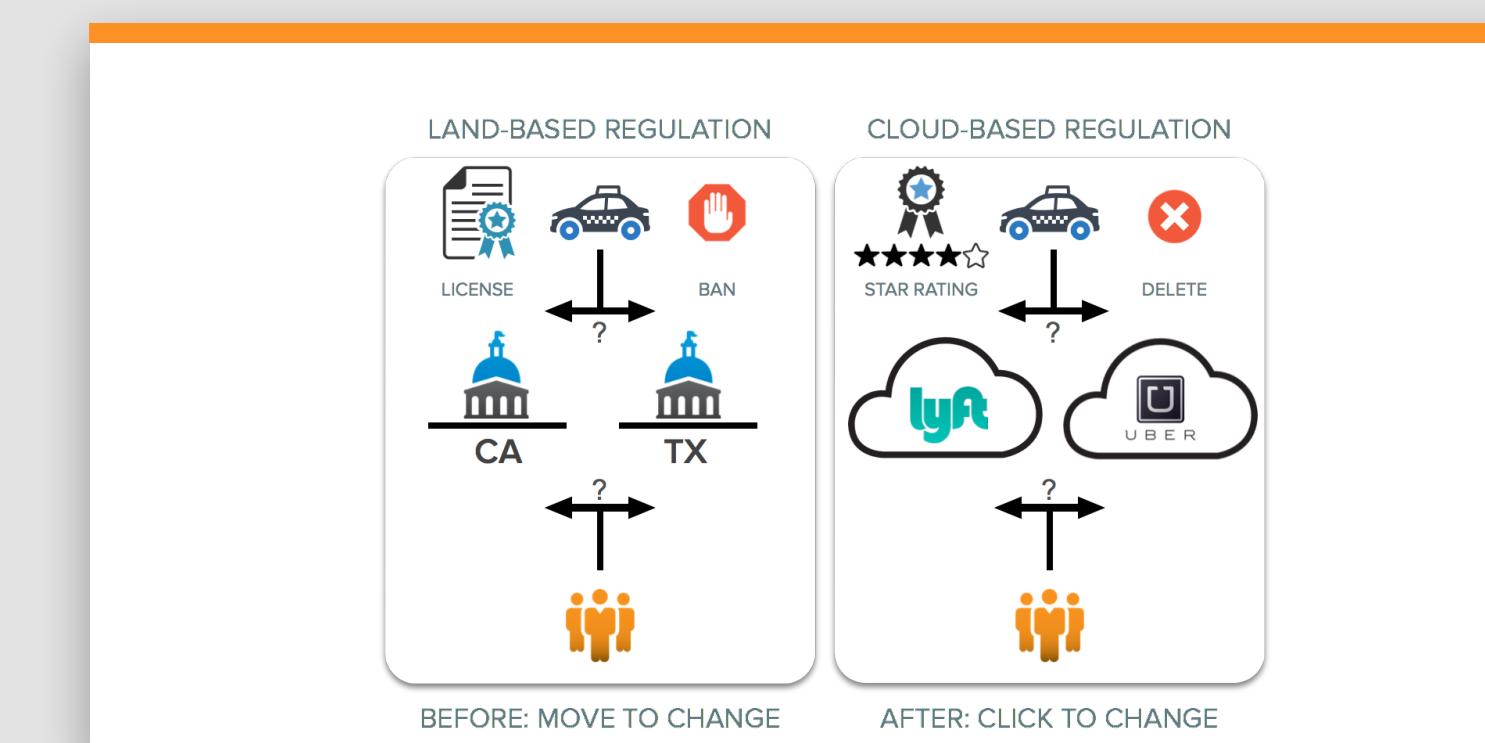
THE STATUS MOTIVE

Align status incentives via PR/social



REGULATION 2.0

Ultimately, become a better regulator



Principle 3: The Status Motive

Regulators are motivated
by ambit rather than profit

PRINCIPLE 3: THE STATUS MOTIVE

Regulators are not generally elected and often cannot be fired. With effectively infinite budget & time, they have different incentives than startups.

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ENCYCLOPEDIA / HELP OUT

 CFR > Title 5 > Chapter I > Subchapter B > Part 315 >
Subpart B > Section 315.201

5 CFR 315.201 - Service requirement for career tenure.

[CFR](#) [Updates](#) [Authorities \(U.S. Code\)](#) [Rulemaking](#)

prev | next

§ 315.201 Service requirement for career tenure.

(a) Service requirement. A person employed in the competitive service for other than temporary, term, or indefinite employment is appointed as a career or career-conditional employee subject to the probationary period required by subpart H of this part. Except as provided in paragraph (c) of this section, an employee must serve 3 years of substantially continuous creditable service as defined in paragraph (b) of this section to become a career employee.

(b) Creditable service. Unless otherwise approved by OPM, the service required for career tenure must begin and end with nontemporary employment in the competitive service except as described in paragraph (1) of this subsection, must include service under an appointment based on or leading to competitive status, be substantially continuous, and total 3 years, as follows:

THE DOUGLAS FACTOR DEFENSE FOR FEDERAL EMPLOYEES

July 30, 2013

At Berry & Berry, PLLC, our attorneys represent federal employees in various types of federal agency disciplinary and adverse actions. Generally, one of the most important areas in defending a federal employee in these types of cases involves arguing the application of the Douglas Factors in attempting to mitigate (or reduce) disciplinary penalties issued in a case. The Douglas factors are also referred to as mitigating factors. These factors are used to argue that disciplinary charges for federal employees, even if true, should still result in a lower penalty than the one proposed.

The Douglas factors originate from the case of *Douglas v. VA*, 5 MSPR 280, 5 MSPB 313 (1981). In that case, the Merit Systems Protection Board (MSPB) set forth 12 factors that should be considered when evaluating the reasonableness of a disciplinary penalty for a federal employee. When our firm prepares an appeal to the MSPB for a client or in a case before a deciding official at the proposal stage it is important to set forth any and all mitigating factors that might be applicable to a federal employee's case. Douglas factors can be used as mitigating or aggravating factors so it is important to fully understand the application of both types of legal arguments.

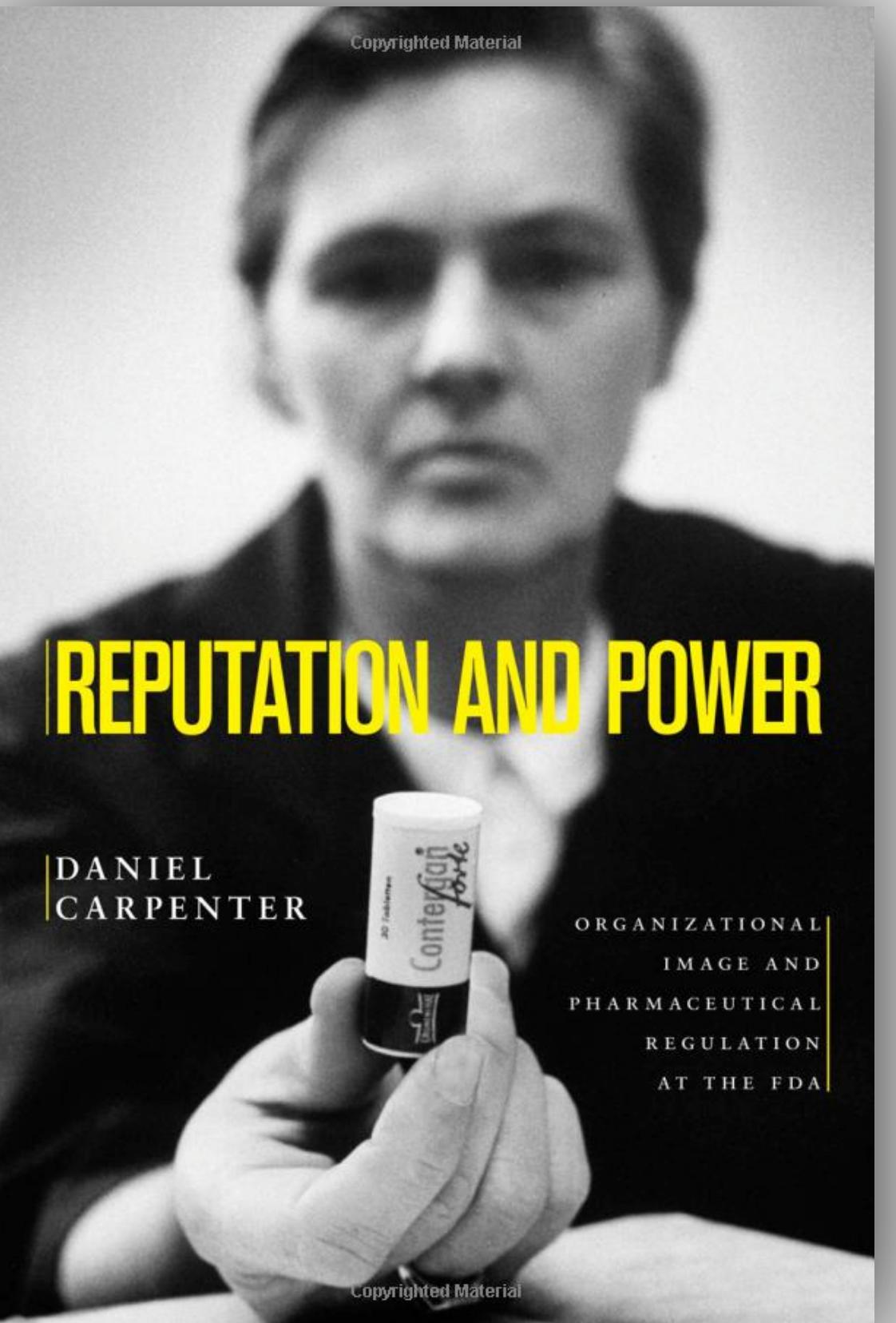
The following is a list of 12 Douglas factors that must be taken into consideration and explanations as to how they can apply to federal employee cases.

THE DOUGLAS FACTORS

- (1) The nature and seriousness of the offense -- and its relation to the employee's duties, position, and responsibilities -- including whether the offense was intentional, technical, or inadvertent; was committed maliciously or for gain; or was frequently repeated.

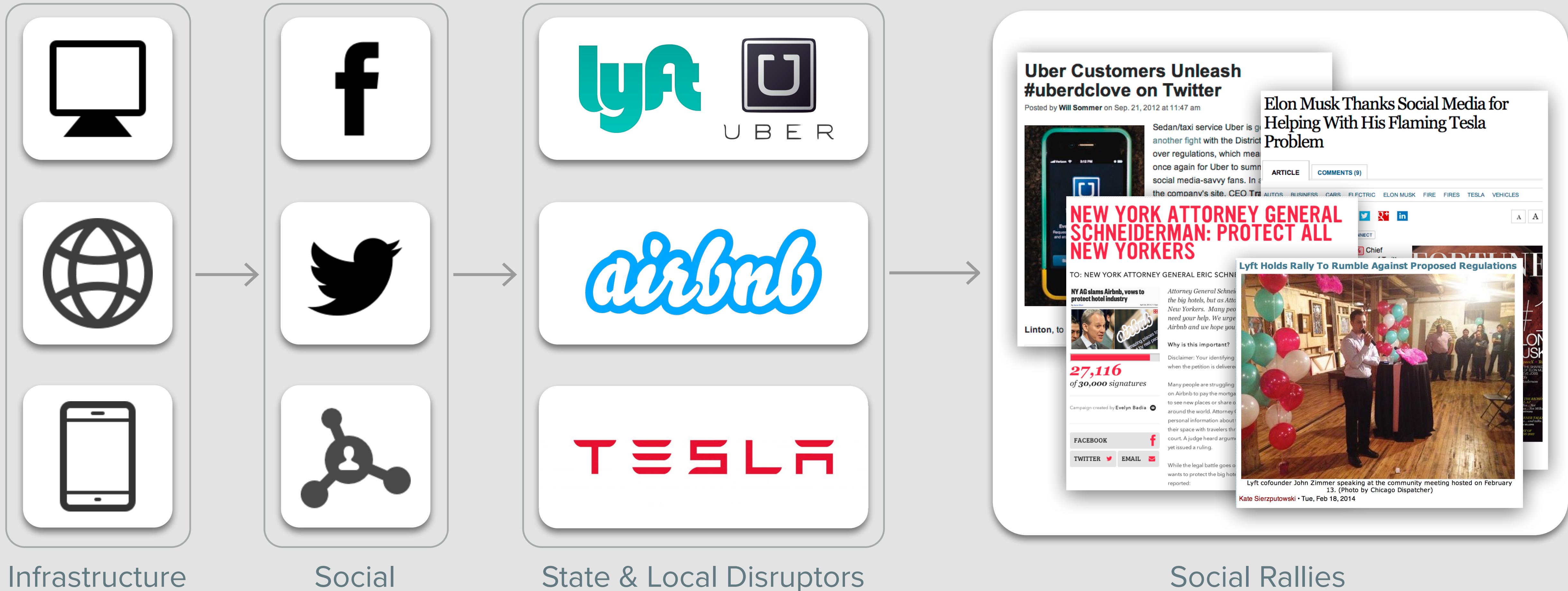
PRINCIPLE 3: THE STATUS MOTIVE

But regulators are governed by press coverage and reputation. Harvard's Carpenter wrote the seminal book on this.



PRINCIPLE 3: THE STATUS MOTIVE

The importance of reputation (likes!) is why social media is a key enabling technology for disrupting local- & state-regulated industries.



PRINCIPLE 3: THE STATUS MOTIVE

For example, with social media, companies can rally supporters directly to contest regulators.

The screenshot shows the GeekWire homepage with a navigation bar at the top. Below the header, there's a main article titled "Tesla fans rally against proposed store ban; Records show auto dealers' contributions to bill sponsors". The article includes a photo of a Tesla car at a charging station and several social sharing options. To the right, there's a sidebar titled "FEATURED NEWS ON GEEKWIRE" with links to other stories like "Dear Apple: Here's what we want from iOS 8" and "Lies my Fitbit tells me". At the bottom, there's a "GeekWire MEMBER MESSAGE" section.

GW Jobs Calendar GeekWire Events Startup Resources Startup List GeekWire 200 Memberships

GeekWire

Dispatches from the digital frontier

HOME ABOUT CONTACT PARTNERS ADVERTISE SPONSORS HEALTH BENEFITS RSS

STARTUP SPOTLIGHT APP OF THE WEEK COLUMNISTS GEEKWIRE RADIO AMAZON MICROSOFT APPLE GOOGLE

Tesla fans rally against proposed store ban; Records show auto dealers' contributions to bill sponsors

by Todd Bishop on 2/17/2014 at 8:06 am | [22 Comments](#)

Share this: Email Facebook Recommend 150 Twitter 25 LinkedIn Share 11 Google+ Share 3

Expect to see plenty of electric cars on the roads in Olympia, Wash., this morning. Tesla supporters are [gathering at the state Capitol](#) to rally against legislation that would prevent the electric-car manufacturer from opening additional stores or service centers in Washington state.

The proposed restrictions, [first reported by GeekWire last week](#), have been criticized by Tesla as an effort by the Washington State Auto Dealers Association to keep the company from expanding in the state. [Campaign finance records show](#) that the primary sponsors of the House and Senate bills, Rep. Steve Kirby and Sen. Mike Hewitt, each received \$1,800 in campaign contributions from the auto dealers during the 2012 election cycle, the maximum allowed per election.

Kirby and Hewitt have not responded to messages left by GeekWire at their offices, and a staffer at the Auto Dealers Association said last week that no one was available to

FEATURED NEWS ON GEEKWIRE

Dear Apple: Here's what we want from iOS 8

Lies my Fitbit tells me

Author of Amazon exposé cites 'heavy handed' tactics as book gets tangled up in company's Hachette dispute

Full text: Ex-Microsoft CEO Steve Ballmer offers life, career advice to USC grads

GeekWire MEMBER MESSAGE



PRINCIPLE 3: THE STATUS MOTIVE

Social can also organize individual users; voices often more sympathetic than companies.

The screenshot shows a news article from the New York Post. The top navigation bar includes links for 'IN THE NEWS:' (New York Rangers, 9/11 Memorial, 300 SANDWICHES), 'JILL ABRAMSON', 'HERBALIFE', and social media links for 'HOME', 'SECTIONS', 'SEARCH', 'FOLLOW', 'SUBSCRIBE', and 'SIGN IN'. The main headline is 'How Airbnb saved my house' by Evelyen Badia, dated December 8, 2013, at 7:51pm. Below the headline is a screenshot of the Airbnb homepage, featuring a living room interior and the text 'Find a place to stay. Rent from people in over 34,000 cities and 192 countries.' To the right of the article is a 'TRENDING NOW' sidebar with three stories: 'US man finds lost mother in Amazon tribe' (41680 views), 'Stiviano taunted Sterling days before rants went public' (22722 views), and 'Part of gunman's spree caught on tape' (15164 views). At the bottom of the page, there is a 'MORE ON: AIRBNB' section and a note about important safety information.

IN THE NEWS: NEW YORK RANGERS 9/11 MEMORIAL 300 SANDWICHES JILL ABRAMSON HERBALIFE

HOME SECTIONS SEARCH FOLLOW SUBSCRIBE SIGN IN

NEW YORK POST

OPINION

How Airbnb saved my house

By Evelyen Badia December 8, 2013 | 7:51pm

Neighborhood Guides

Not sure where to stay? We've created neighborhood guides for cities all around the world.

New York London Paris
San Francisco Sydney Tokyo

Airbnb's homepage
Photo: Airbnb

MORE ON: **AIRBNB**

Last Monday night in Queens, I asked state Attorney General Eric Schneiderman what he'll do to ensure that

TRENDING NOW

US man finds lost mother in Amazon tribe 41680

Stiviano taunted Sterling days before rants went public 22722

Part of gunman's spree caught on tape 15164

Scroll for Important Safety Information and Indications.
Important Safety Information:
All prescription NSAIDs, like CELEBREX,



PRINCIPLE 3: THE STATUS MOTIVE

As an analogy, understanding the profit motive is key to dealing with competitors.
Use product, BD, and legal to align profit motives of competitors w/ company.

Viacom sues Google over YouTube clips

By Anne Broache and Greg Sandoval

Staff Writers, CNET News

Last modified: March 13, 2007 2:14 PM PDT

Related Stories

Microsoft chastises Google on copyrights

March 6, 2007

A new copyright battlefield: Veoh Networks

February 21, 2007

Google accused of

Viacom on Tuesday slapped YouTube and parent company Google with a lawsuit, accusing the wildly popular video-sharing site of "massive intentional copyright infringement" and seeking more than \$1 billion in damages.

The complaint, filed in the U.S. District Court for the Southern District of New York, contends that nearly 160,000 unauthorized clips of Viacom's entertainment programming have been available on YouTube and that these clips have been viewed more than 1.5 billion times. (PDF: [Viacom's complaint](#).)

Competitors: Profit Motive



Make it more profitable to work with than against

Google, Viacom settle landmark YouTube lawsuit

BY JONATHAN STEMPFL

NEW YORK Tue Mar 18, 2014 11:13am EDT

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PRINCIPLE 3: THE STATUS MOTIVE

In the same way, understanding the status motive is key to dealing with regulators. Use PR and social media to align status incentives for regulators with company.

DC City Council “Uber Amendment” Would Force Sedans To Charge 5x Minimum Taxi Prices (Kill UberX)

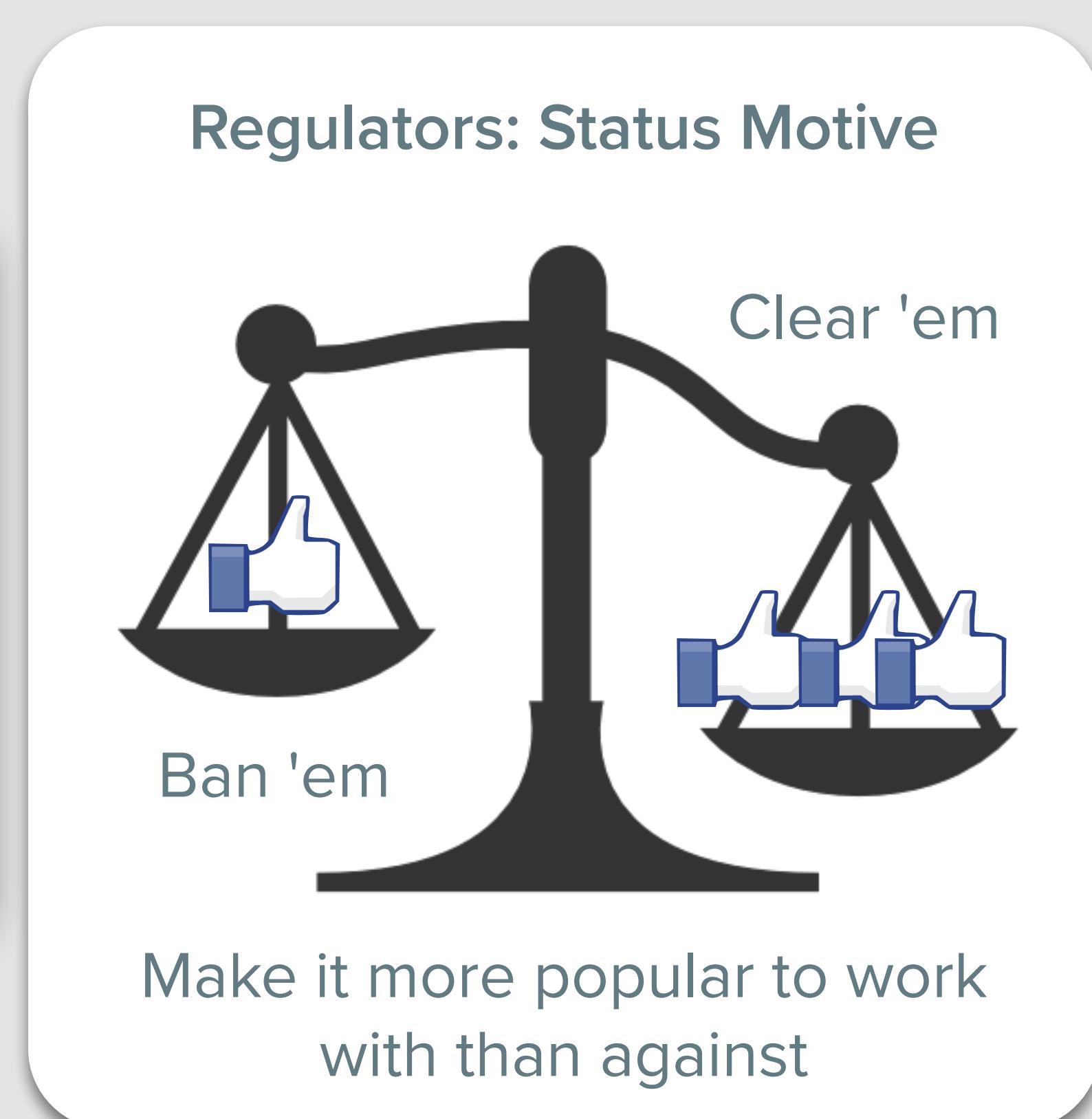
Posted Jul 9, 2012 by Eric Eldon (@eldon)

78 Like 0 Tweet 1,149 Share 0

Uber cannot catch a break in Washington, DC. The city taxi commission tried to shut the private car service down last January over rule violations that it wasn't actually committing. Now the local government is taking another shot, considering a legislative amendment tomorrow that would force sedan car services like Uber to charge at least five times the minimum cost of cabs.

[Update, 7/10/12: Uber appears to have caught a break, at least for now. Mary Cheh, the amendment's author, says today that she is shelving it. But, she also says the council will look to pass it as a separate bill this fall.]

We support startups. Get \$50k of transactions free of fees.



Cheh Shelves Uber Amendment After Backlash from CEO and Customers



Four Principles for Reinventing Regulated Industries

The most successful tech companies in regulated industries use these four principles.

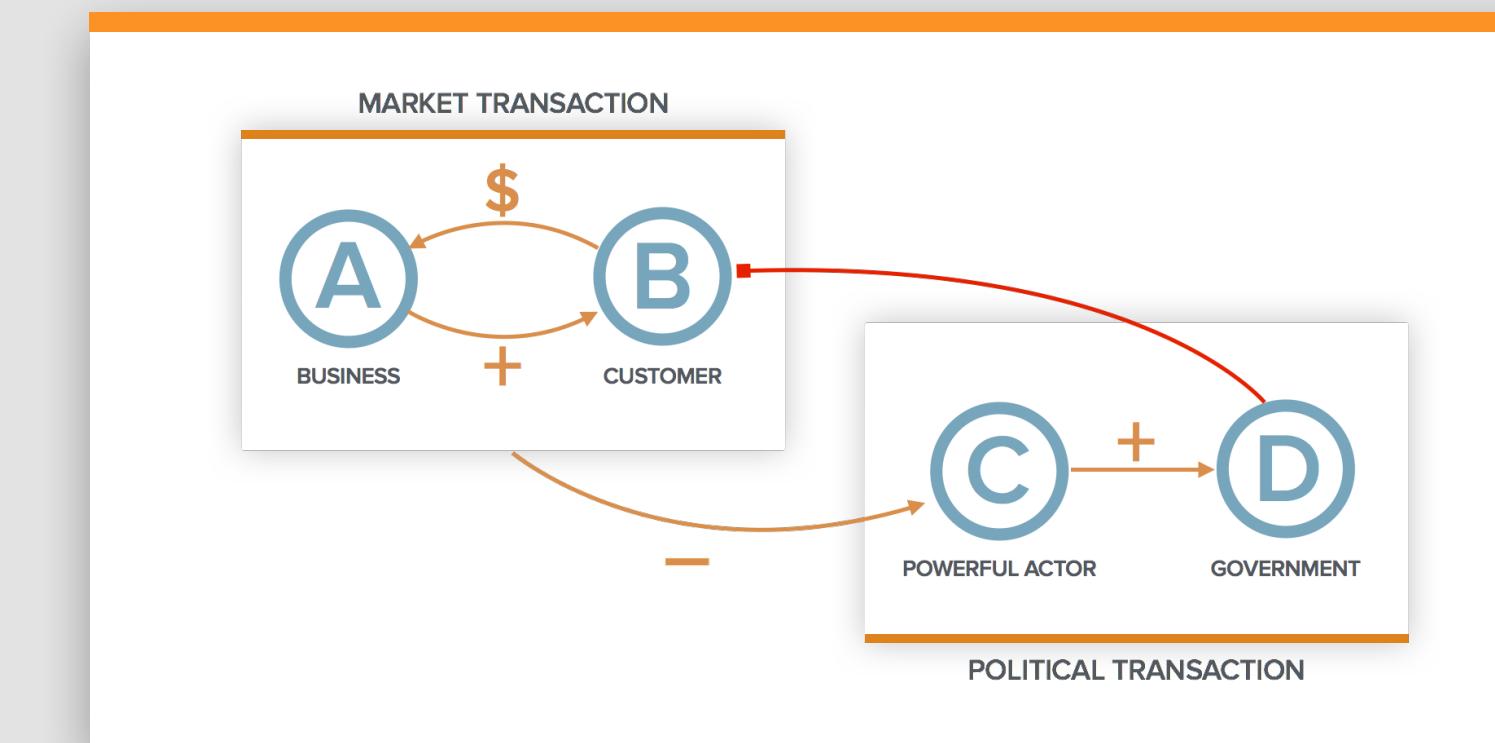
CHOICE

Build to exercise jurisdictional choice



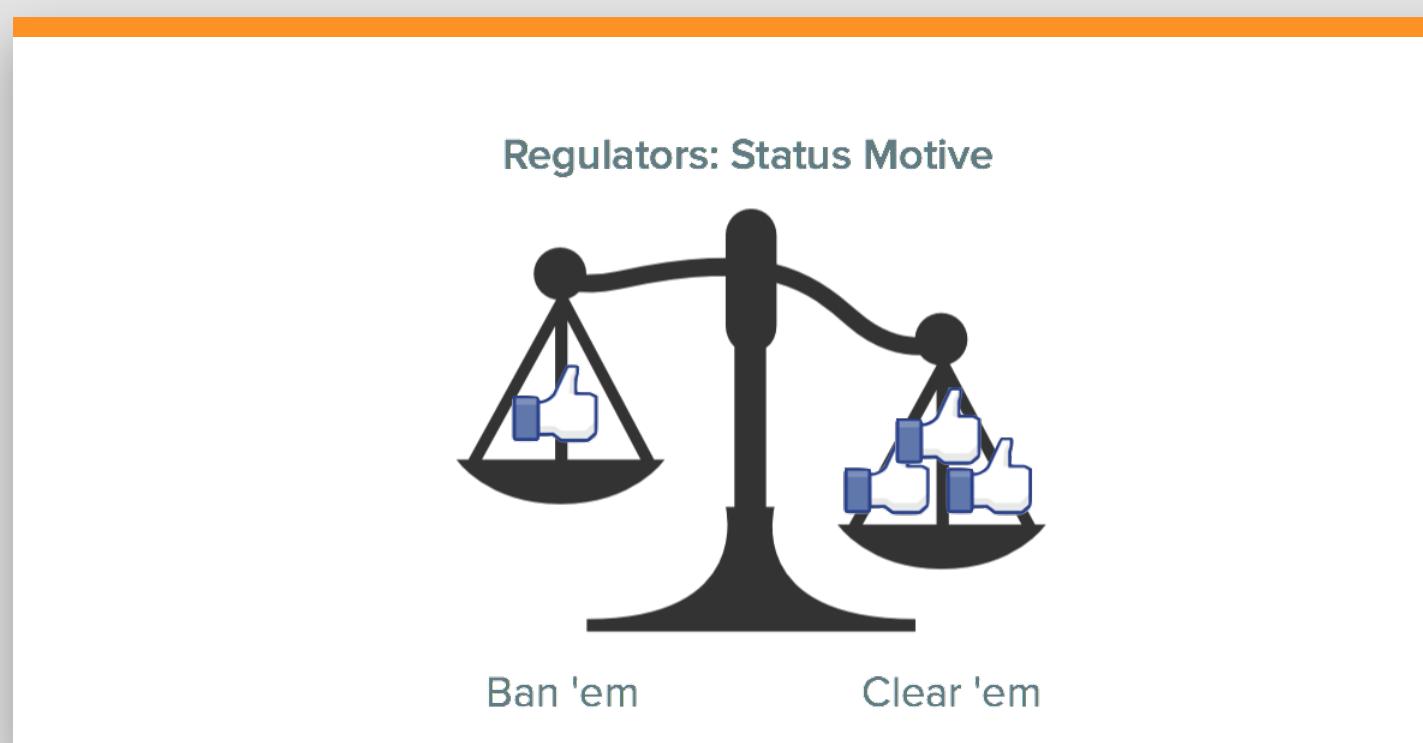
RESTRUCTURING

Use technology to legalize demand



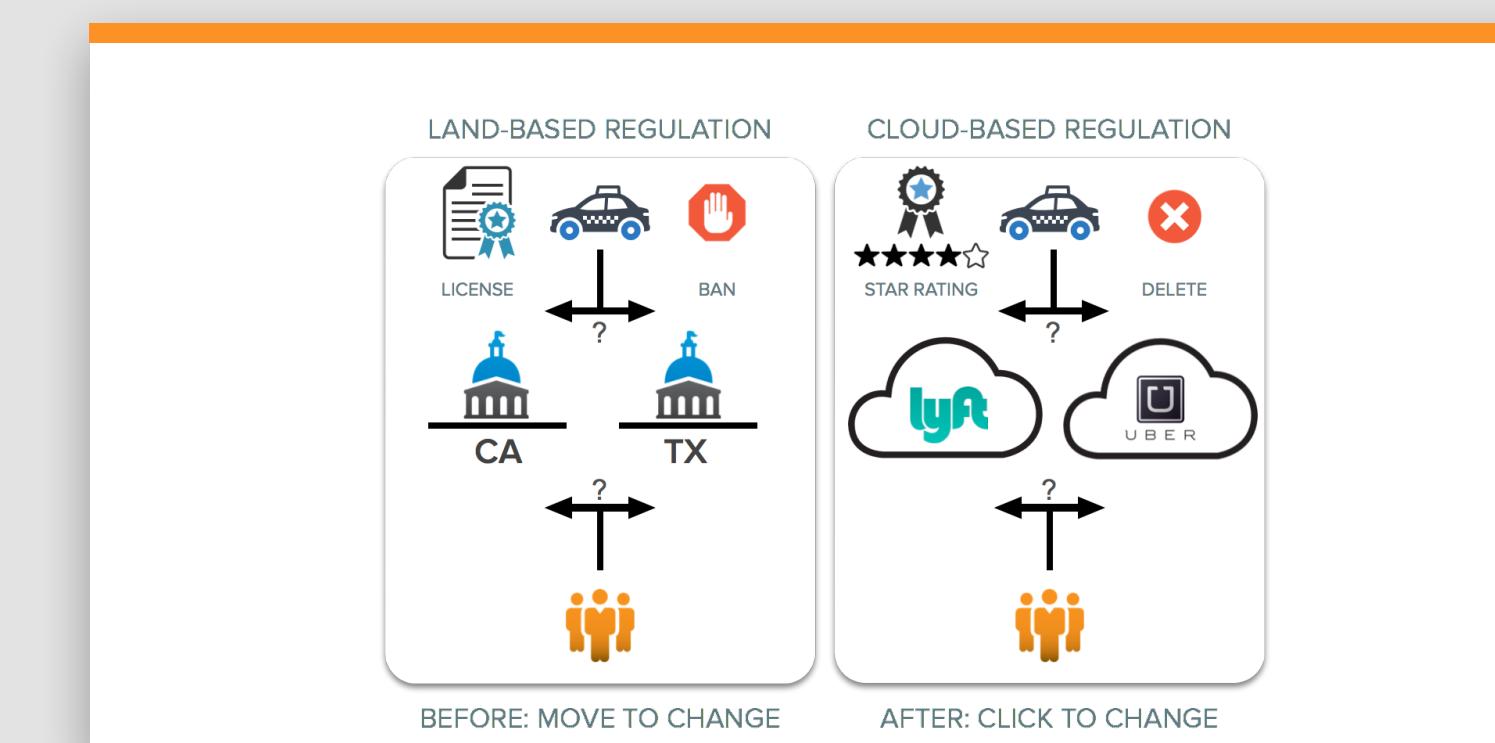
THE STATUS MOTIVE

Align status incentives via PR/social



REGULATION 2.0

Ultimately, become a better regulator



Principle 4: Regulation 2.0

Ultimately, become
a better regulator

PRINCIPLE 4: REGULATION 2.0

Regulators can provide useful informational & enforcement actions in a marketplace.

Customer Service Digital Newspaper el Nuevo Herald Classifieds Jobs Cars Real Estate Find & Save Deals Public Notices Place an Ad

Miami Herald Tourism & Cruises

MIAMI HERALD HOME DELIVERY
JUST 53¢ A DAY

Home News Sports Business Lifestyle Entertainment Opinion Obituaries Subscriptions 87°

Miami Herald > Business > Tourism & Cruises

Posted on Tuesday, 07.23.13 Share email print comment reprints

HOTELS

National Hotel in Miami Beach closes after failing fire inspection 188



BY DOUGLAS HANKS AND HANNAH SAMPSON DHANKS@MIAMIHERALD.COM

South Beach's National Hotel has shut down and dismissed its staff after failing city safety inspections.

Jacques Roy, the National general manager, said the 154-room hotel could reopen as soon as next week once it resolves unspecified safety and building-code issues with Miami Beach. The city's fire marshal and building department declared the hotel unsafe after recent inspections, according to Miami Beach spokeswoman Nannette Rodriguez. In an email, Rodriguez said "it will not reopen until all work is completed." The 1939 hotel has been undergoing lengthy renovations.

On Tuesday, state regulators posted the National's mass-layoff notice to 74 workers, including a form letter to employees stating the dismissals went into effect Thursday, July 18. Though the letter called the layoffs temporary, there was no hint as to when workers might be rehired.

"The National Hotel is grateful for your efforts as



Small Business Loans



Mercedes-Benz of Coral Gables
Mercedes-Benz of Cutler Bay

Get the Deal!

Knockout Live -- \$7.50 general



PRINCIPLE 4: REGULATION 2.0

With technology, we can provide realtime information & enforcement via star ratings.

Reviews (157) Friends (0)

Overall Guest Satisfaction	Accuracy	Communication
★★★★★	★★★★★	★★★★★
Cleanliness	Check In	Location
★★★★★	★★★★★	★★★★★
Value		
★★★★★	★★★★★	★★★★★

 **Jack**
A perfect host, a beautiful space and a GREAT PRICE - what more could you ask for? Located right in the heart of Broadway, just minutes walking to any theatre as well as Lincoln center and all major subway stops. Anne's home cannot be beat, and we will DEFINITELY be back on our next NYC trip. Anne was most helpful about getting around the town, sharing great restaurant spots, and even shared her secret stash of gelato with us! A generous breakfast was provided, and the view from our room over the Hudson, while we ate it, was spectacular.
May 2014

 **Arnaud**
Our first experience with airbnb was a success thanks to Anne, who is a great hostess. The flat is very clean and looks like the photos. It is very comfortable and spacious and is near many subway lines and central park. It's a great location to visit New York and a nice spot to take pictures of the skyline. We had a great time there and won't forget our stay at Anne's, who is as discreet as very friendly.



PRINCIPLE 4: REGULATION 2.0

A company subsumes the information and enforcement functions of a traditional regulator.

FAST COMPANY DESIGN EXIST CREATE LABS FEATURES EMAILS ISSUES SUBSCRIBE

INNOVATION AGENTS

MEET THE FORMER MILITARY INTELLIGENCE OFFICER WHO KEEPS AIRBNB SAFE

PHILLIP CARDENAS IS AIRBNB'S TRUST AND SAFETY MANAGER. #RANSACKGATE IS HIS WORST NIGHTMARE, AND HE GOES TO AMAZING LENGTHS TO AVOID ANOTHER ONE.

BY DAVID ZAX

SHARE COMMENTS 0 PINTEREST 22 LINKEDIN 117 TWITTER 66 FACEBOOK 131

You probably remember that dark day. In the summer of 2011, an Airbnb host posted about a bad experience, saying his apartment had been ransacked. The story blew up--there was even a Twitter hashtag, #RansackGate, that gained currency--and quickly became a test for the young yet explosively growing startup. Airbnb ultimately recovered quite well from the fallout, impressing users with a \$1 million guarantee, among other measures. But damage had certainly been done to the ecosystem of trust on which Airbnb or any sharing economy service relies.

Phillip Cardenas's job is to make sure this doesn't happen again--or at least, that it happens as rarely as possible. Cardenas is the manager of Airbnb's Trust and Safety Team, helping to prevent ransackings or anything resembling them, and making right when things do go awry. *Fast Company* caught up with Cardenas, a former military intelligence officer, to learn more about how Airbnb is like Baghdad, how to sniff out fraud online, and the lengths one will go to save a beloved coffee mug.

FAST COMPANY: So your unit is like Airbnb's "Minority Report"?

INNOVATION AGENTS

MEET THE PEOPLE AND DISCOVER THE PERSONALITIES DRIVING THE WORLD'S MOST RADICAL, DISRUPTIVE, AND CREATIVE COMPANIES.

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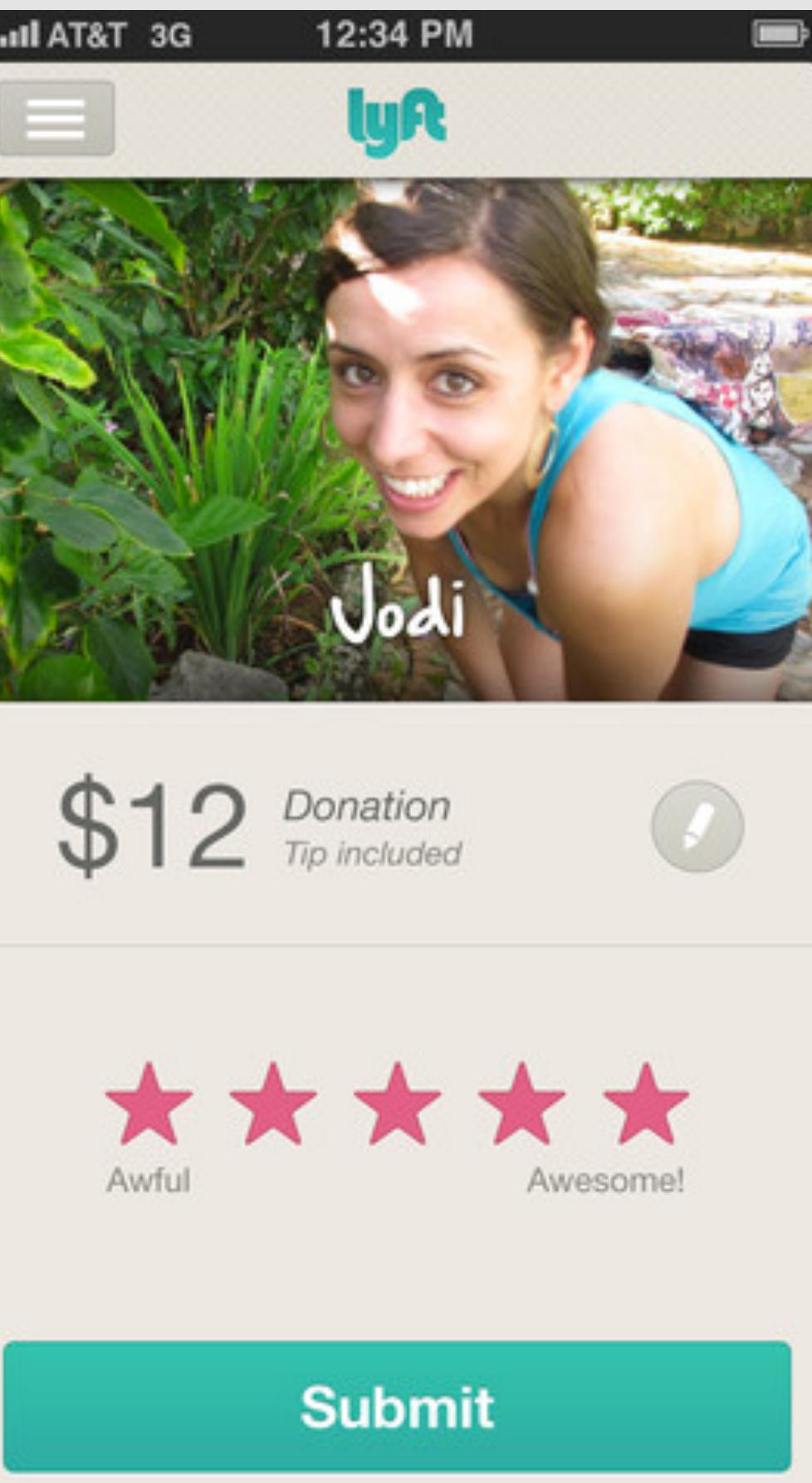
SUBMIT



PRINCIPLE 4: REGULATION 2.0

Let's compare legacy taxi medallions to a modern system like Lyft's.

LYFT/UBER VS. MEDALLIONS	
Customer sees full driver name, face, rating	
Driver has full customer name, face, rating	
Customer knows driver accepts card payment	
Driver knows customer can provide payment	
Both parties know bad actors are kicked off	
Both parties know ride GPS tracked to resolve disputes	
All past receipts stored & emailed electronically	



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HOW SHOULD I RATE MY PASSENGER?

[← Back](#)

Thanks to our two-way rating system, our community stays safe and positive for everyone. Just as passengers are able to rate drivers, drivers are able to rate passengers at the end of every ride. You can give a five star rating to great passengers, and reserve the lower star ratings for passengers you want to flag in the system. If you rate someone three stars or lower, you'll never be matched with them again. Passengers with low ratings will lose access to the Lyft community. You can also provide feedback about your experiences with specific passengers to the Lyft Support team at support@lyft.com.



U B E R

PRINCIPLE 4: REGULATION 2.0

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Driver has full customer name, face, rating

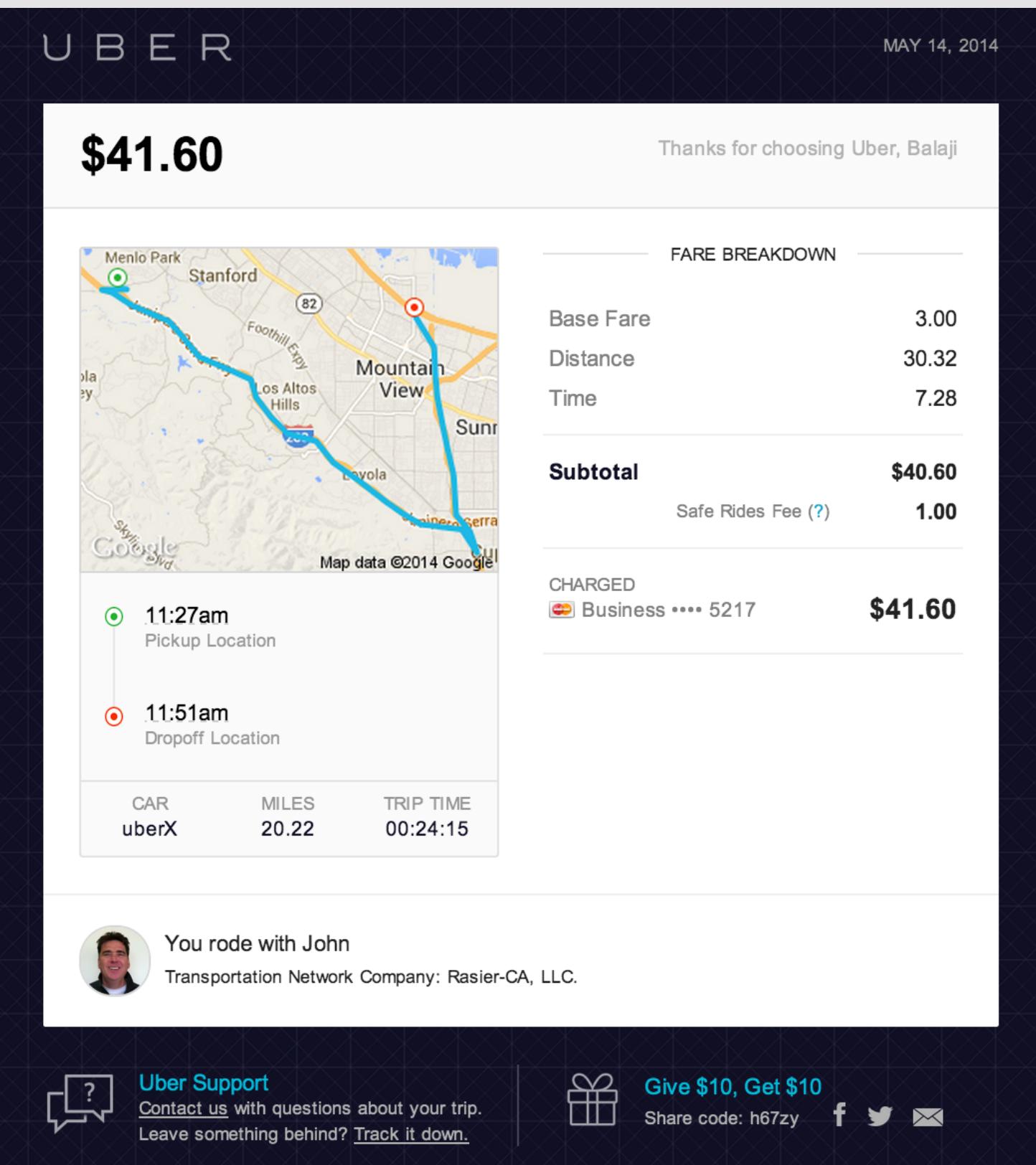
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U B E R

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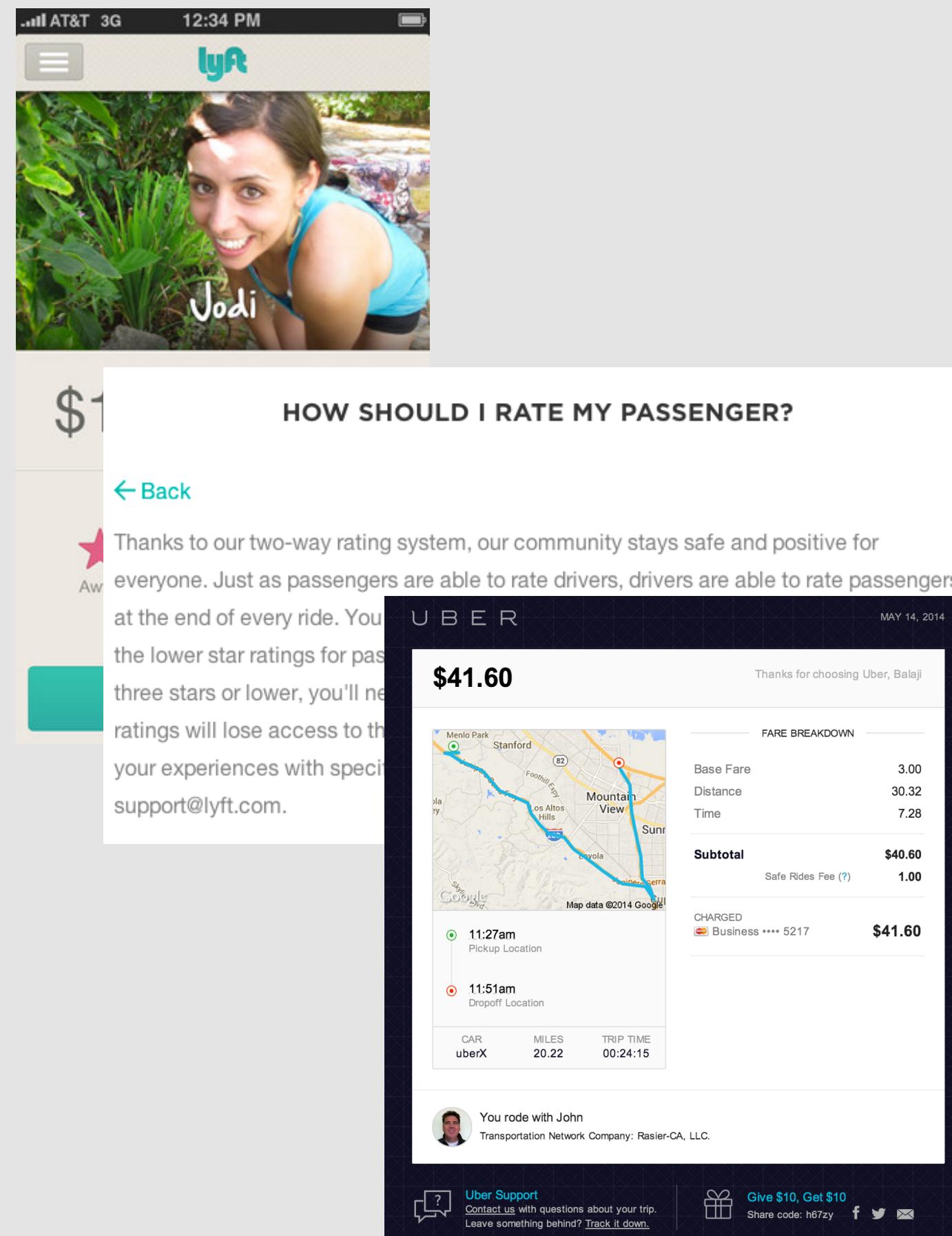
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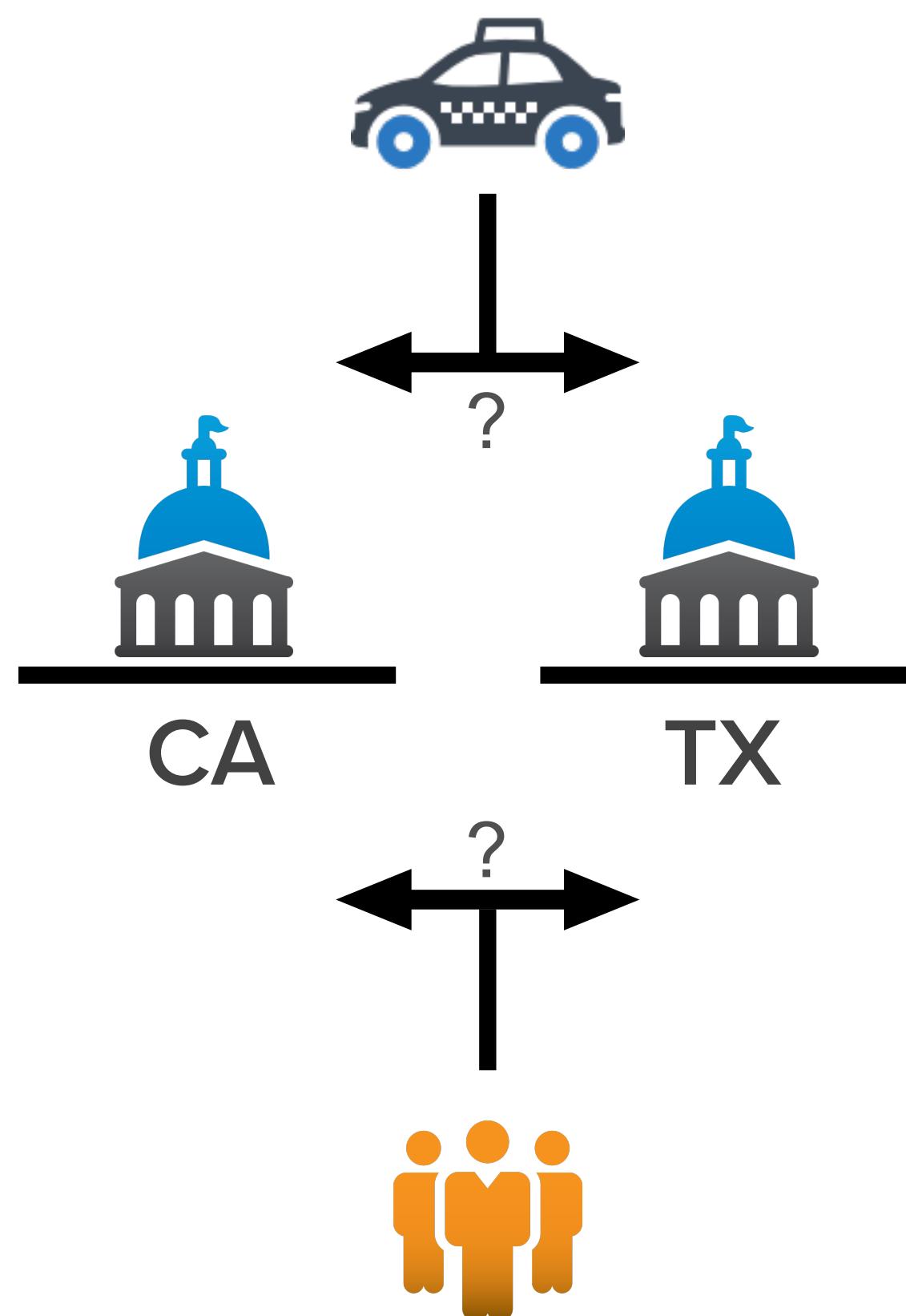
U B E R

PRINCIPLE 4: REGULATION 2.0

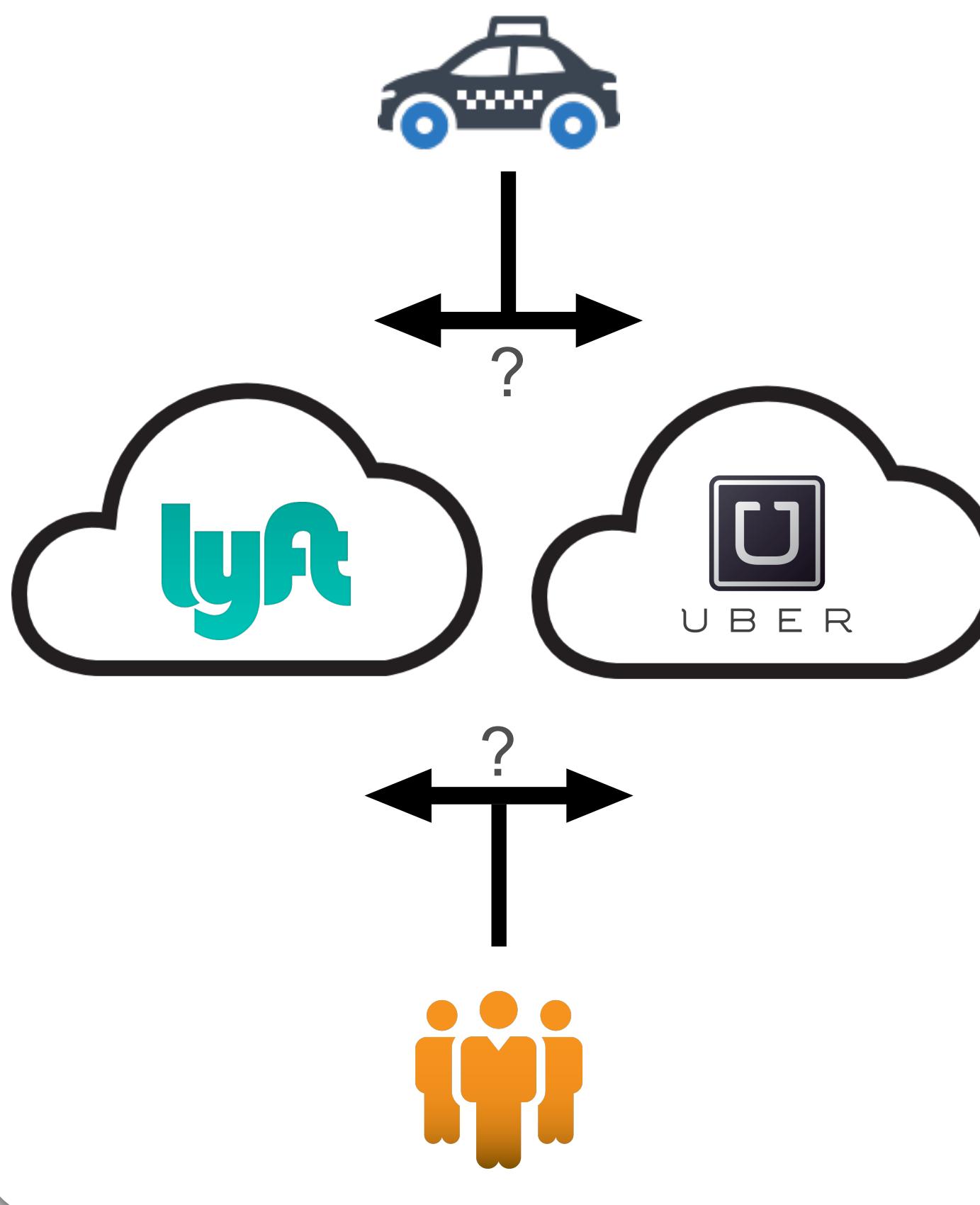
20th c: land-based regulation ("on premises")

21st c: cloud-based regulation ("reg-as-a-service")

LAND-BASED REGULATION



CLOUD-BASED REGULATION



BEFORE: MOVE TO CHANGE

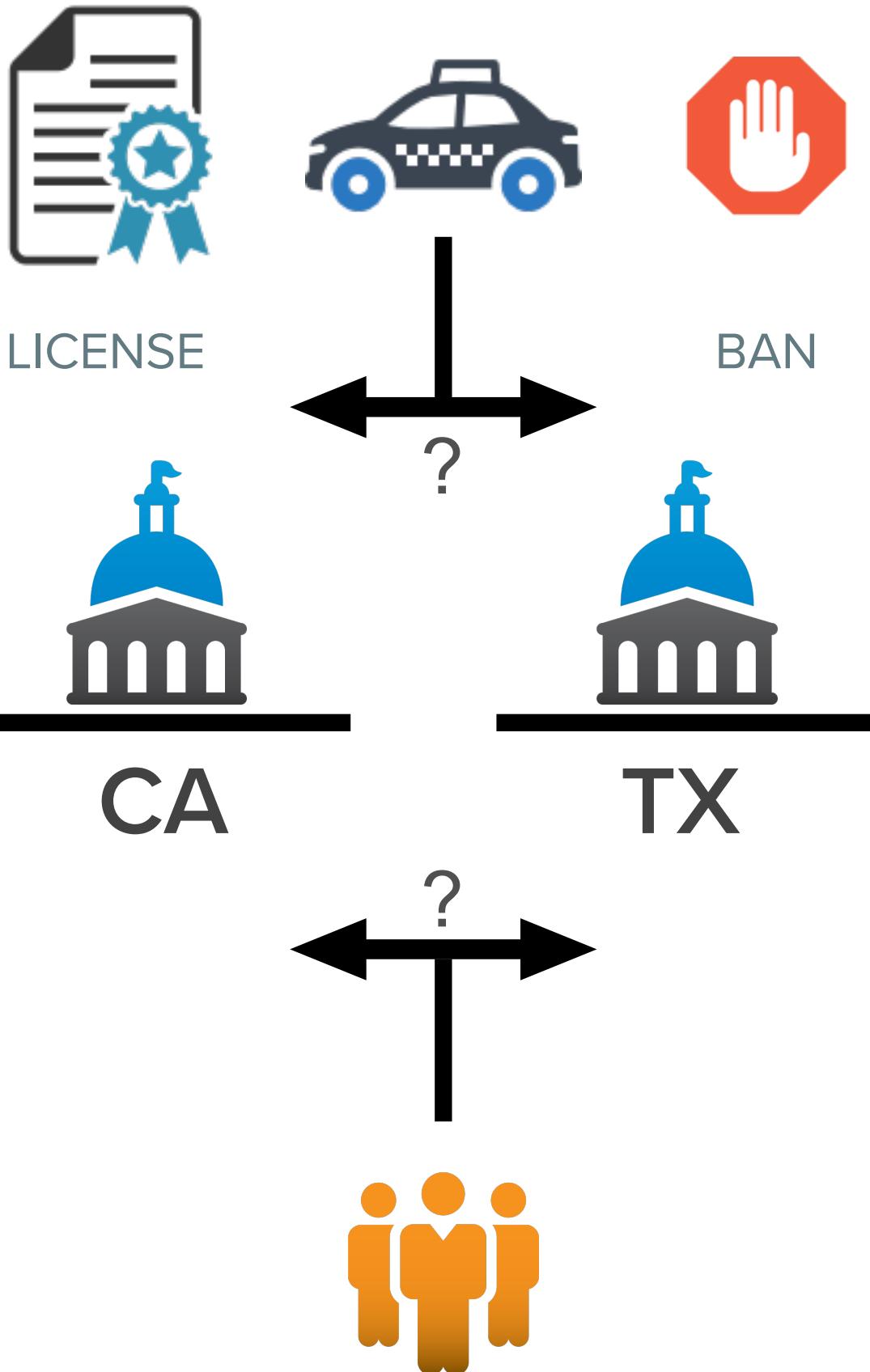
AFTER: CLICK TO CHANGE



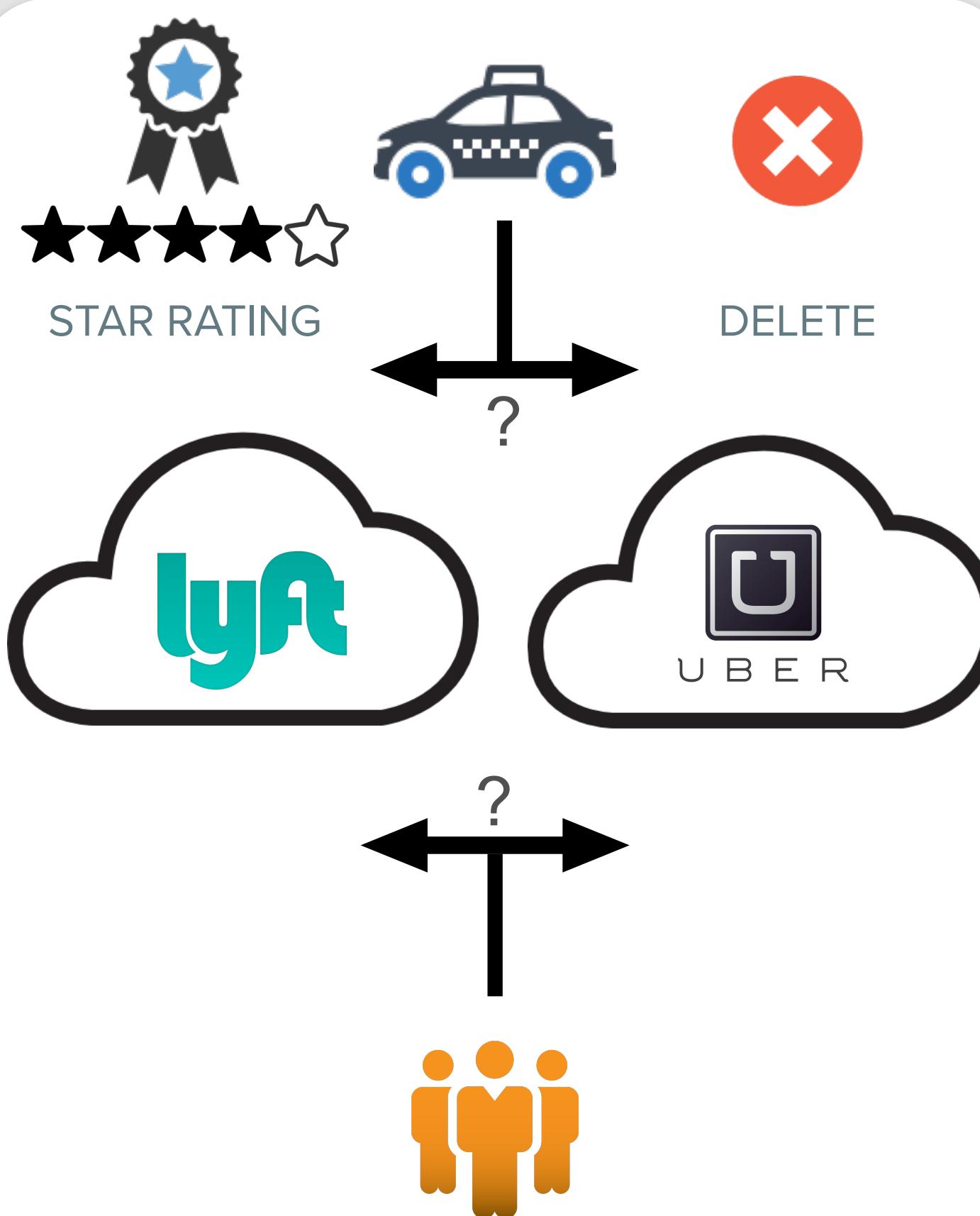
PRINCIPLE 4: REGULATION 2.0

Cloud regulators replace boolean licensing with continuous stars and physical ban with digital delete.

LAND-BASED REGULATION



CLOUD-BASED REGULATION



BEFORE: MOVE TO CHANGE

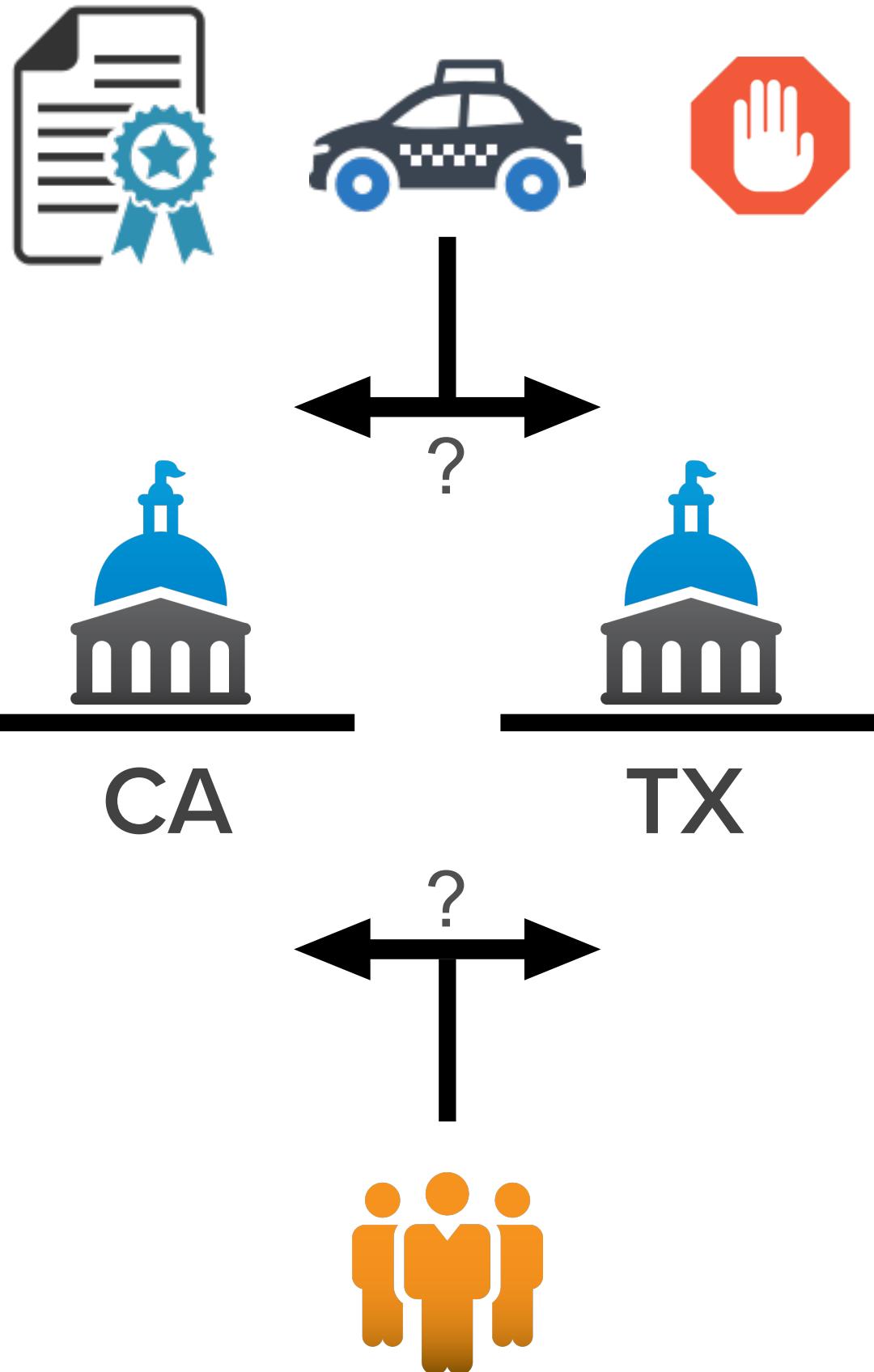
AFTER: CLICK TO CHANGE



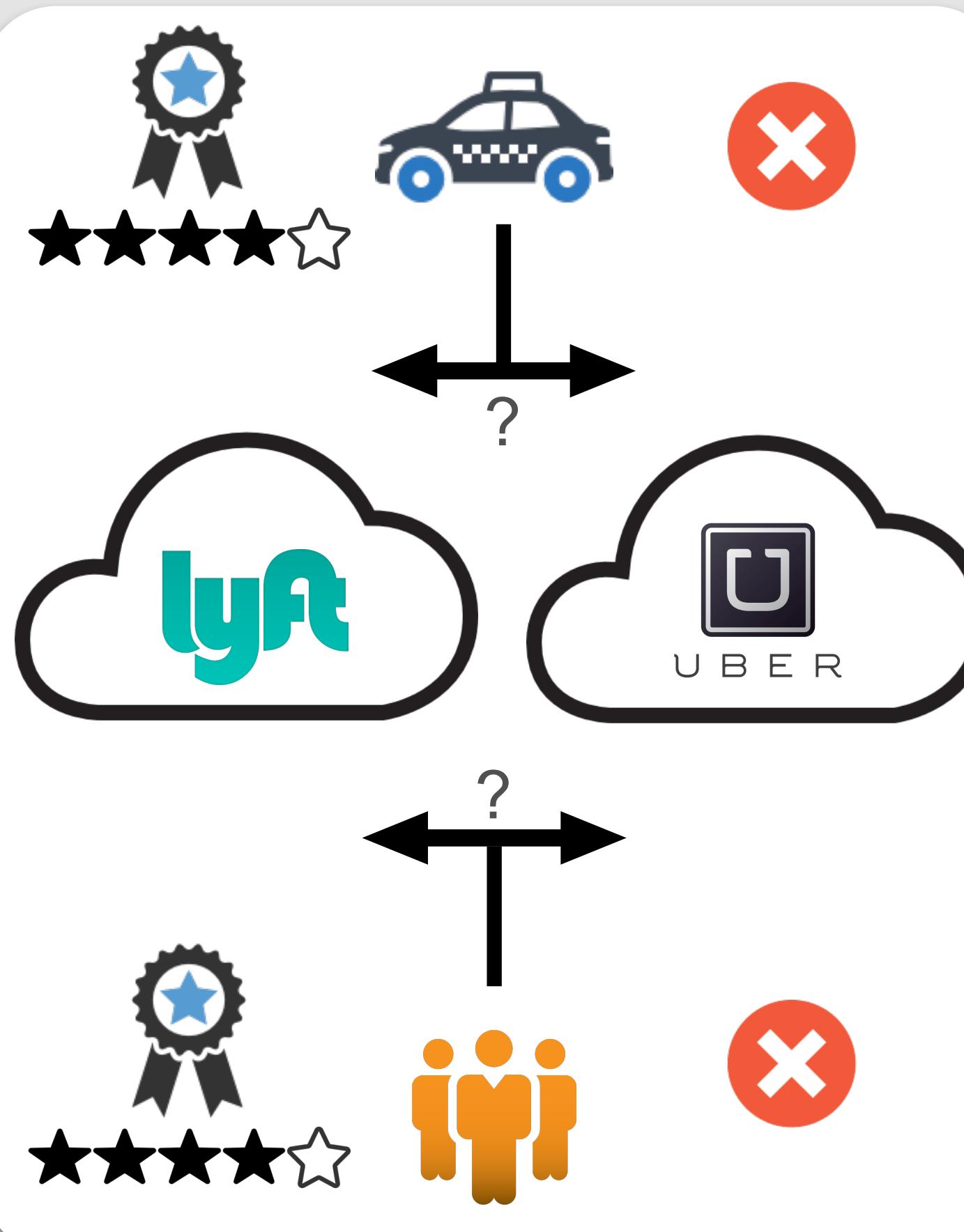
PRINCIPLE 4: REGULATION 2.0

Cloud regulators provide regulation on the customer side as well, not just the producer side.

LAND-BASED REGULATION



CLOUD-BASED REGULATION



BEFORE: MOVE TO CHANGE

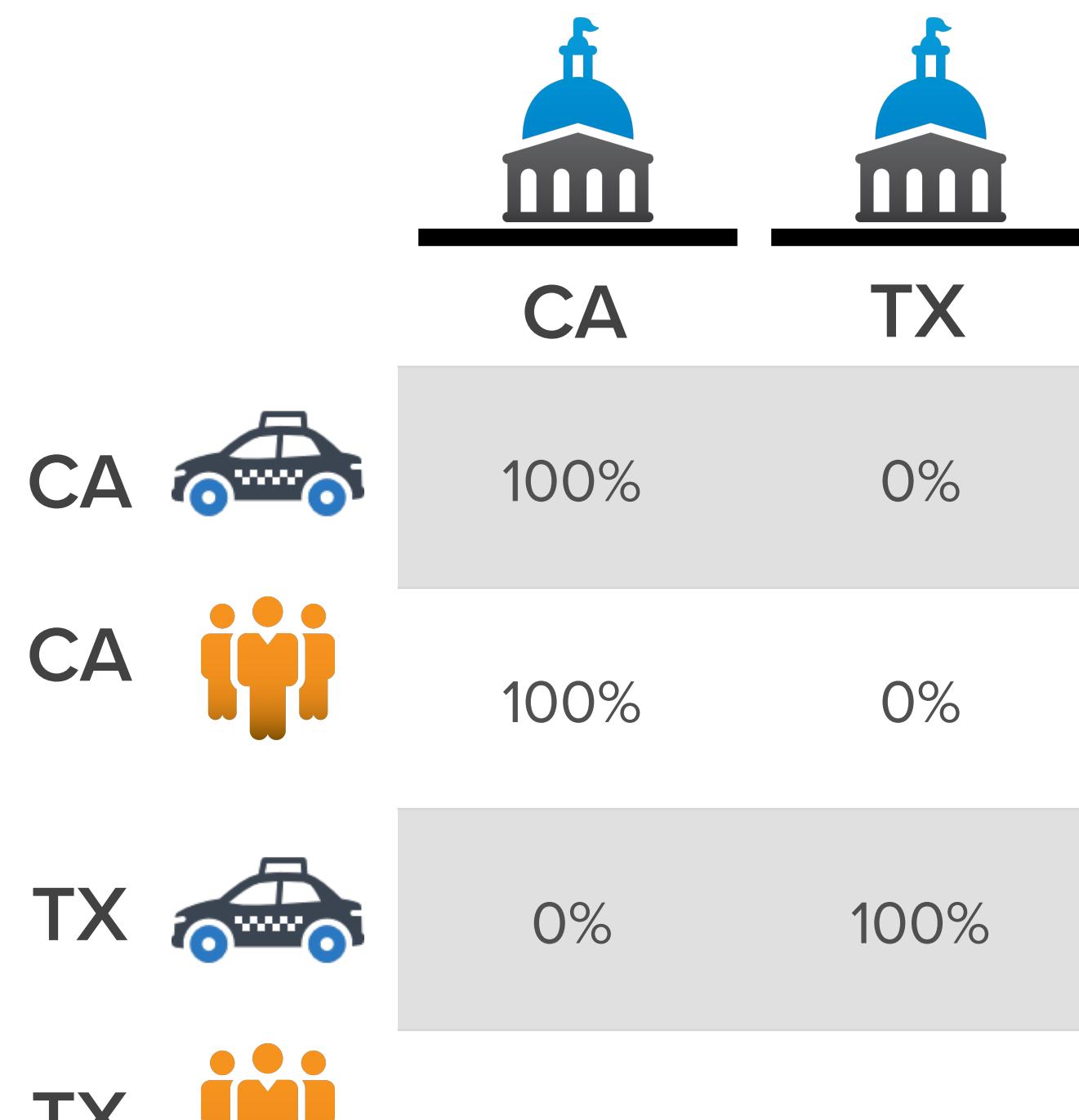
AFTER: CLICK TO CHANGE



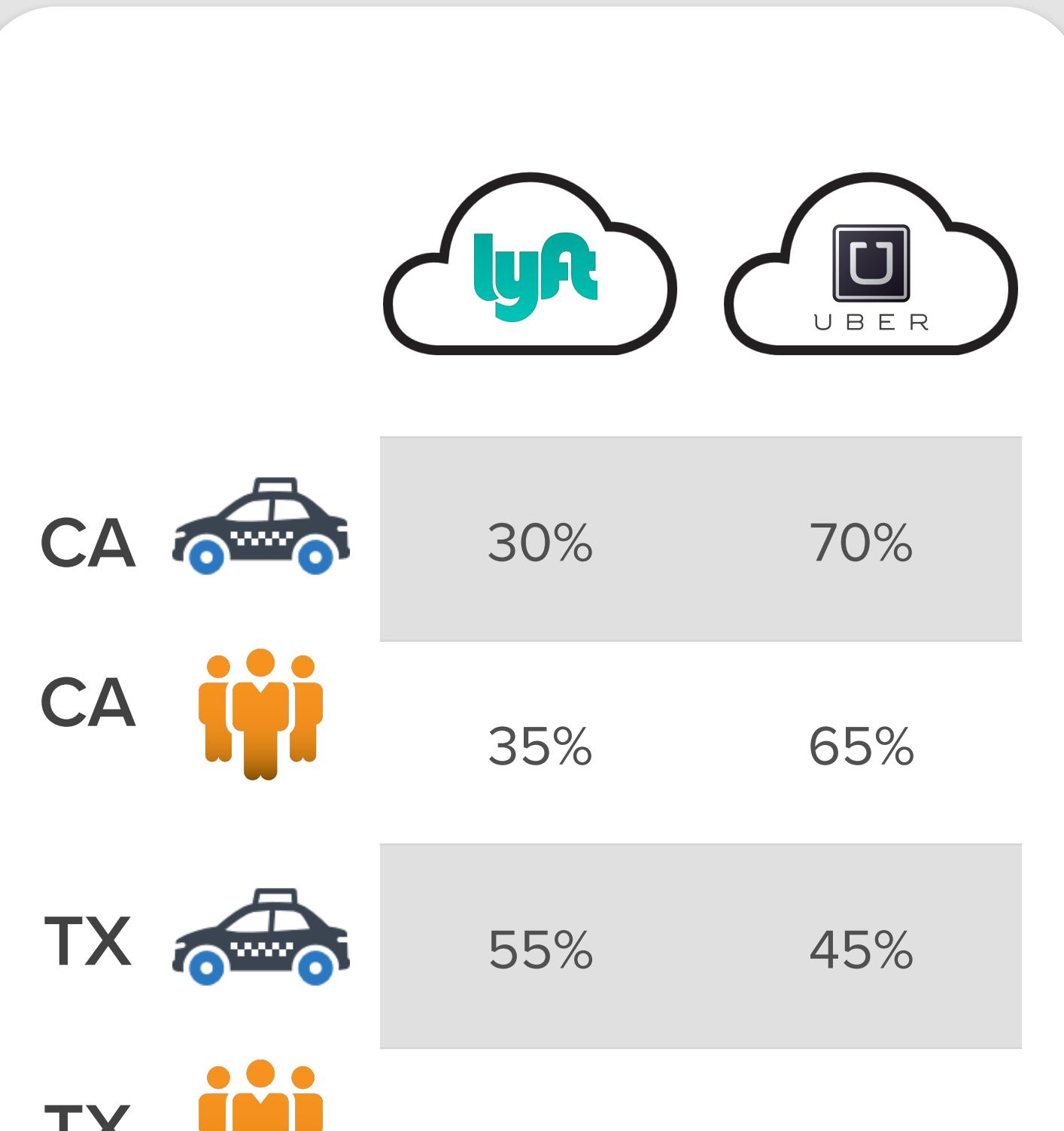
PRINCIPLE 4: REGULATION 2.0

Cloud-based regulation no longer requires 100% of people in region to agree on risk/reward tradeoff.

LAND-BASED REGULATION



CLOUD-BASED REGULATION



BEFORE: LOCAL MONOPOLY

AFTER: OPEN COMPETITION

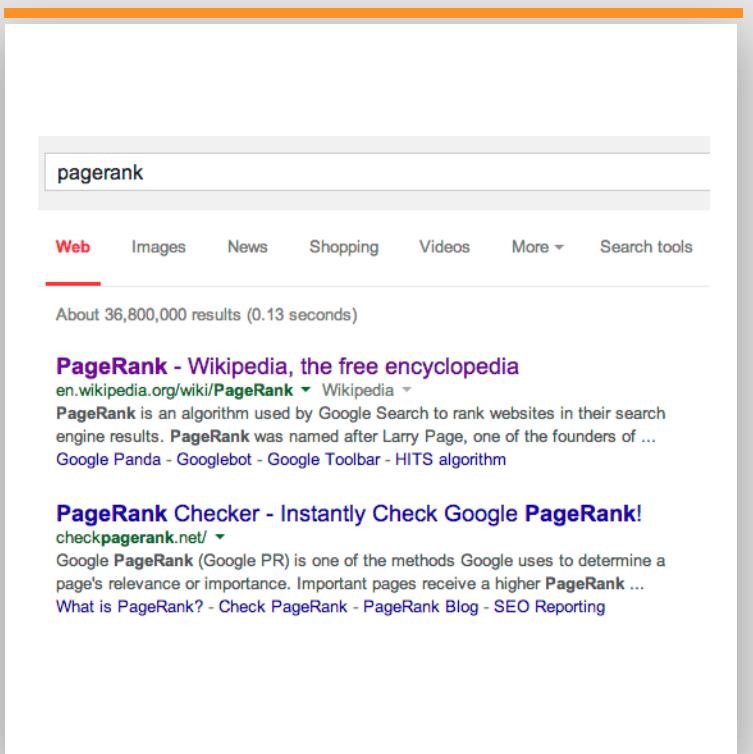


PRINCIPLE 4: REGULATION 2.0

Cloud regulation is not completely new. Indeed, best tech companies can be considered "e-regulators".

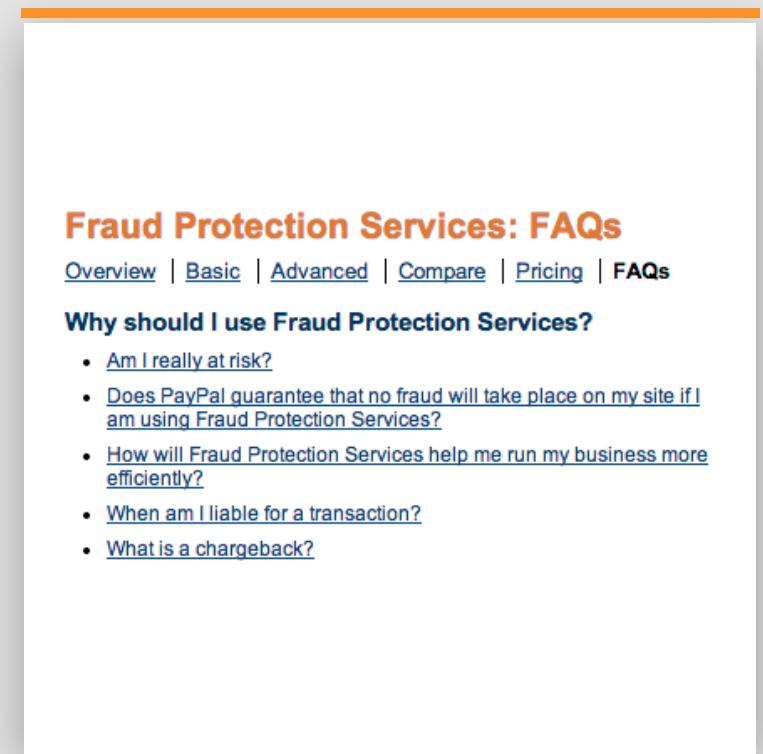
GOOGLE PAGERANK

Certify site quality



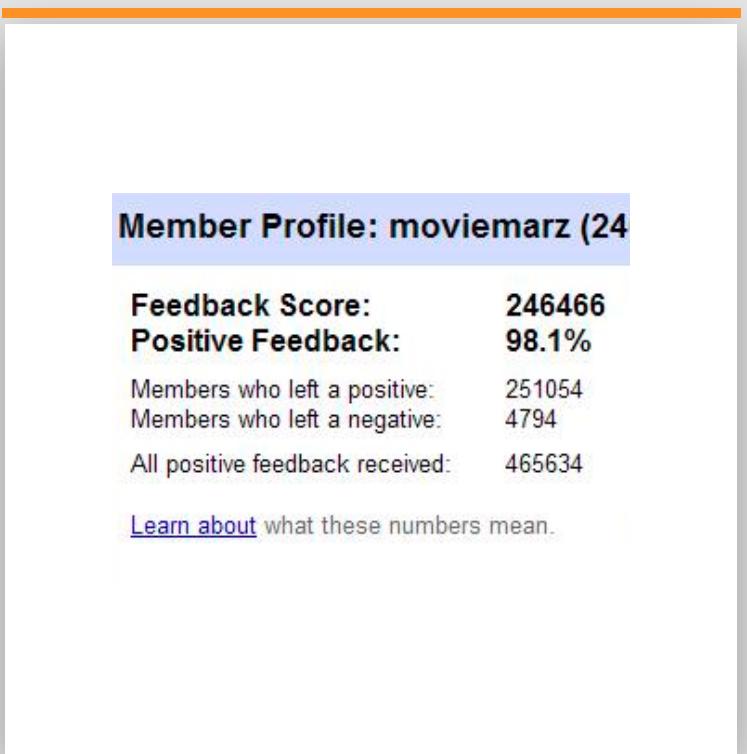
PAYPAL ANTIFRAUD

Ban fraudsters



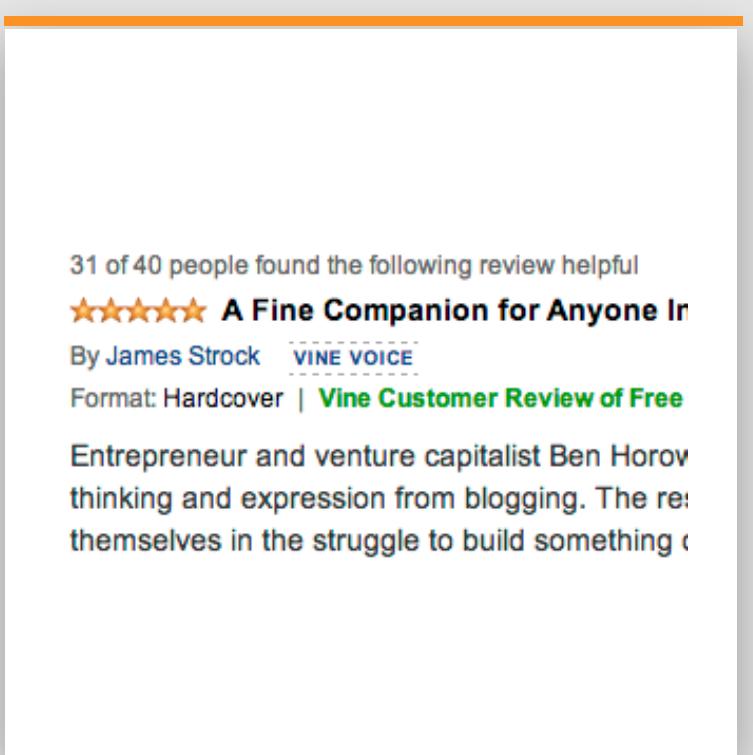
EBAY REPUTATION

Certify buyer/seller quality



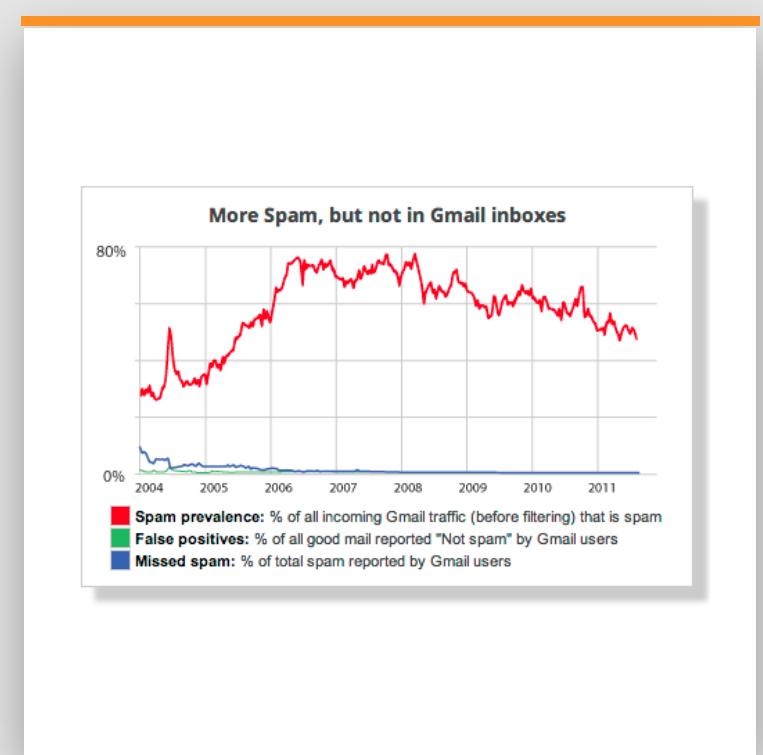
AMAZON REVIEWS

Books - and reviewers!



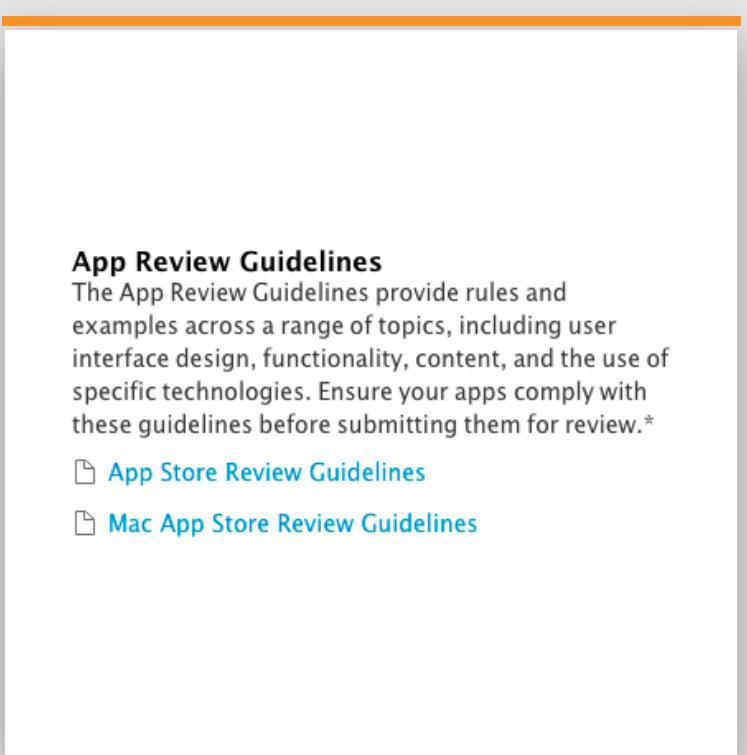
GMAIL SPAM FILTER

Ban spammers



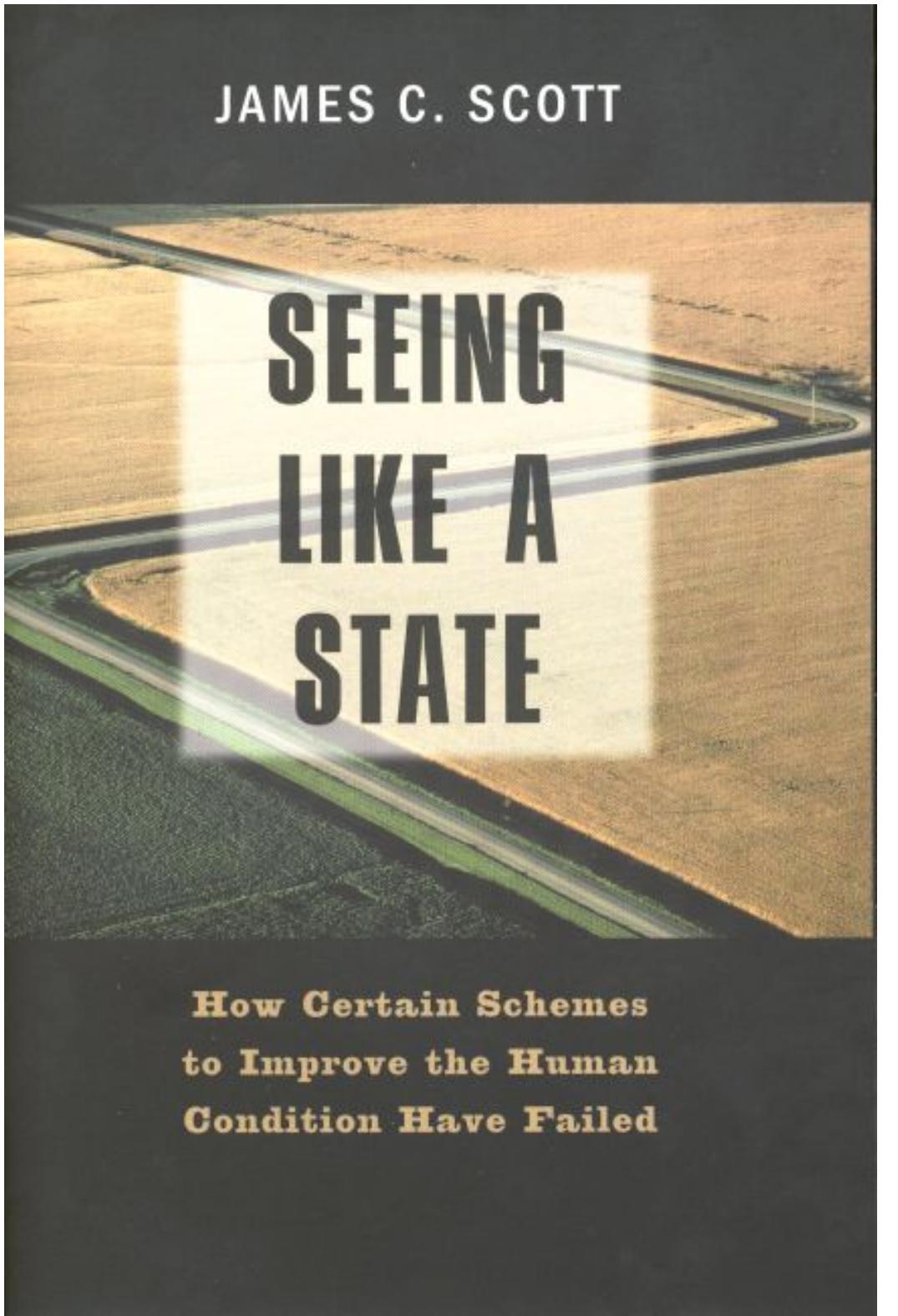
APPLE APP STORE

Certify app quality



PRINCIPLE 4: REGULATION 2.0

From Seeing like a State to Learning like a Machine

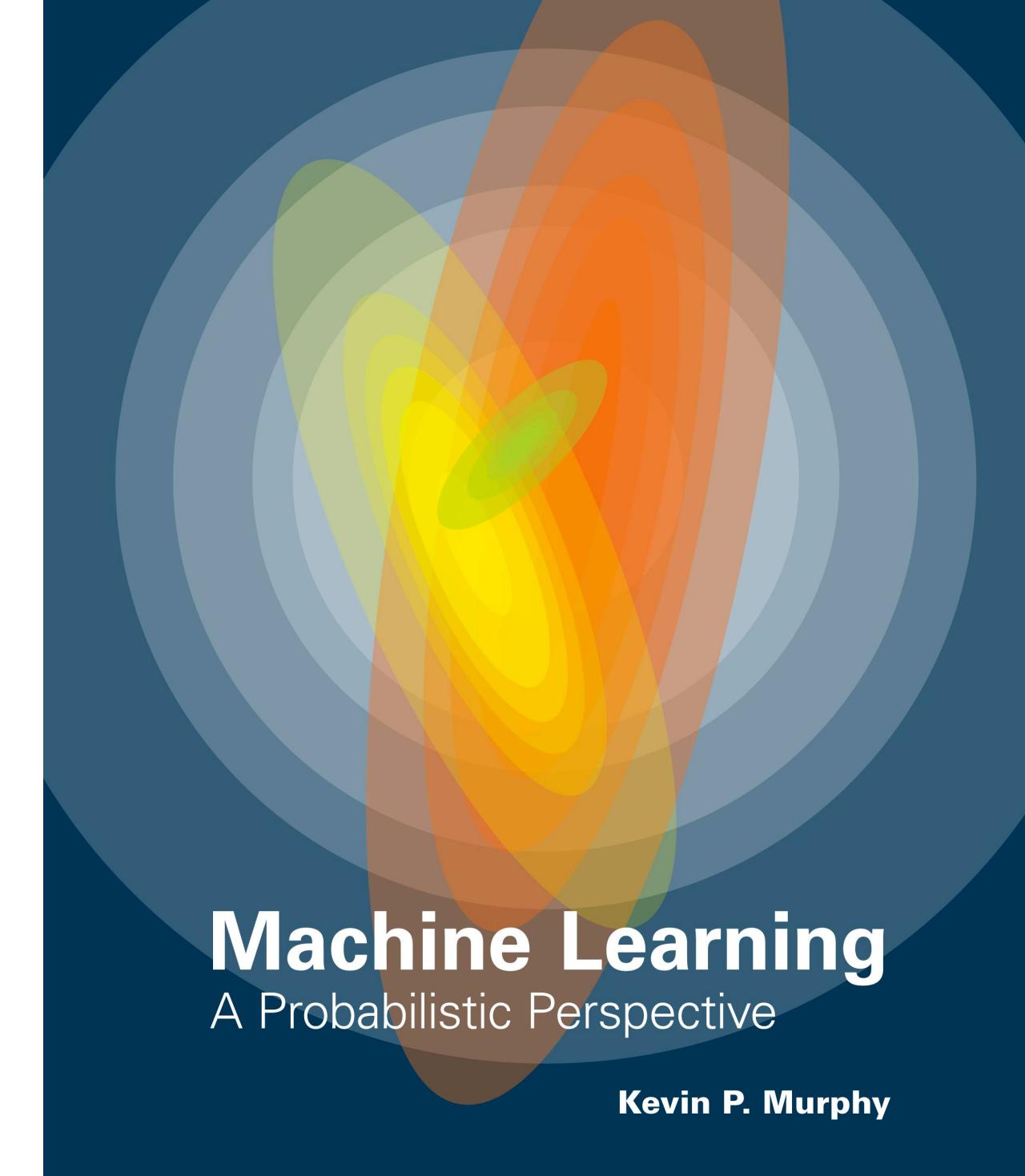


U.S. Customs and Border Protection

Customs Declaration
19 CFR, 122.27, 148.12, 143.13, 148.10, 148.111, 149B.31, CFR 6316
Each arriving traveler or responsible family member must provide the following information (only ONE written declaration per family is required):

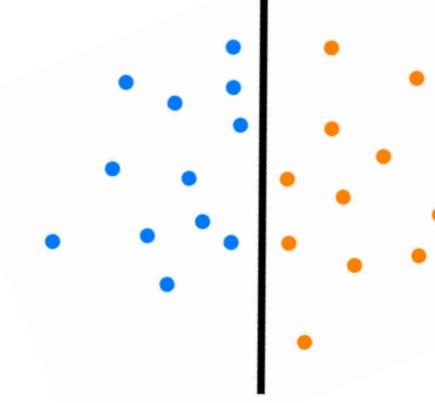
1. Family Name Lefakarame
First (Given) Jean Middle Pare
2. Birth date Day 2 Month 05 Year 87
3. Number of Family members traveling with you None
4. (a) U.S. Street Address (hotel name/destination)
 Abandoned Warehouse #8
(b) City Stone Harbor (c) State NJ
5. Nationality French Canadian
6. Passport # G82921394
7. Country of Residence Canada Countries visited on this trip prior to U.S. arrival Just France, although I'm fairly sure I was taken into Germany after they chloroformed me.
8. Airline/Vessel Name US Airways because of their excellent service, free inflight refreshments, and willingness to overlook the blood seeping from my ear
If airline, Flight No. 2340
9. Point of Embarkation Paris - Charles de Gaulle Airport
10. Date of arrival in U.S. Day 26 Month 03 Year 12
11. The primary purpose of this trip is business: Yes No
12. Are you bringing any of the following into the U.S.?
(a) Commercial Goods or Samples No
(b) Any items you have been requested by someone else to bring into the United States
"Requested" might not be the right word.
(c) Goods exceeding duty-free allowance Nothing except my complete and utter compliance with regulation of entry into the U.S.
(d) Restricted/Illlegal Articles No way to respond to that except with a shrug and a "Search, not! Ha ha, just kidding! But seriously, there's no need to check my pockets, my earwax, the soles of my shoes, or my large intestine. Please don't."
13. Are you bringing an amount into the U.S. of \$10,000 or greater?
No - I may be bringing in 10,000 much smaller amounts of \$100, though. That cool?
14. Is there anything else you are bringing into the U.S. that you think we should know about?
There might be a human hand in my checked luggage. You should probably ignore that; it's not really important.
Read the instructions on the back of this form. Space is provided to list all the items you must declare.
I HAVE READ THE IMPORTANT INFORMATION ON THE REVERSE SIDE OF THIS FORM AND HAVE MADE A TRUTHFUL DECLARATION.

X Jean-Pierre Lefakarame (Signature)
For Official Use Only
Written by L. Sedlacek and D. Zhu; Designed by S. Shea
March 26, 2012 Date (day/month/year)
CBP Form 6059B (09/12)

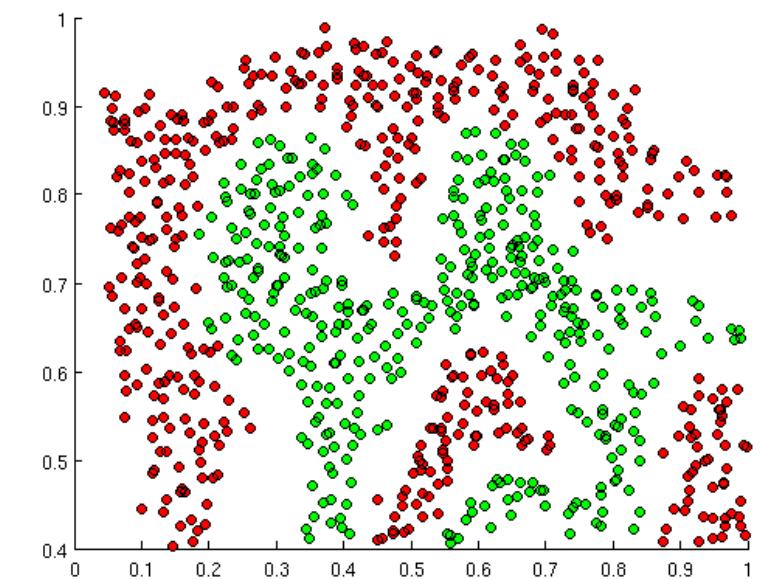


13. Are you bringing an amount into the U.S. of **\$10,000 or greater?**

Seeing like a State
1D threshold ($x > \$10,000$)



Learning like a Machine
ND boundary $f(x, y, \dots)$



Seeing like a State: thresholds + "discretion"
B/c scalable written regulation is unsophisticated, in practice often non-scalable unwritten regulation via personal connections.

Learning like a Machine: scalable yet subtle
By contrast, large-scale machine learning systems are capable of learning subtle distinctions and adapting in real-time as changed

PRINCIPLE 4: REGULATION 2.0

The migration is a culture clash!

STATE REGULATION

Pre-market review

Design control

Quiet period, off-label marketing bans

Distribution restrictions (Stark Laws)

Cannot buy without license

Certification (PhD, MD, JD, Series 7)

"You can't fight city hall"

NETWORK REGULATION

Set up website, no permission

Update website, no permission

Freedom of speech (social, downvotes, etc)

Affiliate marketing & referral codes

Early adoption ok

Software engineering requires no license

Permissionless innovation

So, What Does It Mean to Reinvent Regulation?

We combine these four principles to make and win a legal argument.

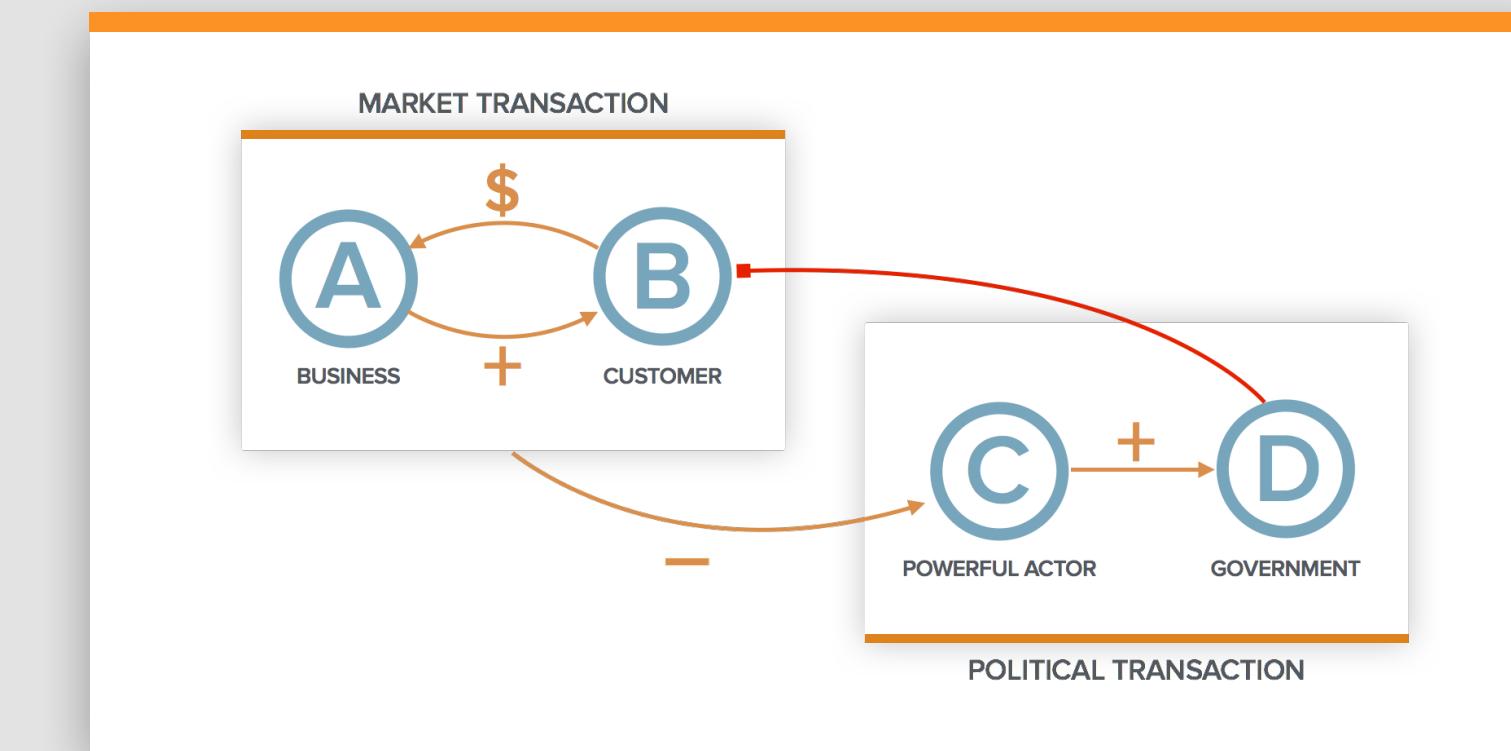
CHOICE

Build to exercise jurisdictional choice



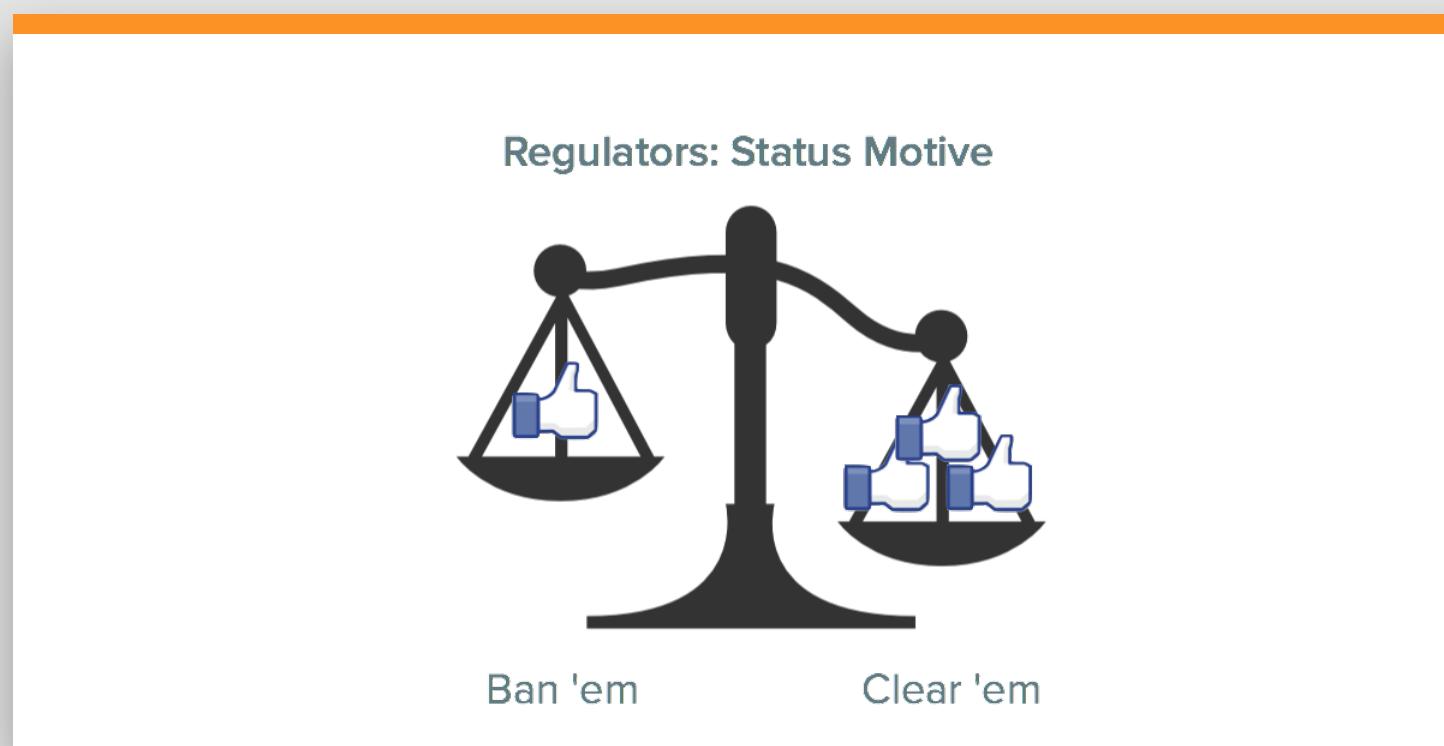
RESTRUCTURING

Use technology to legalize demand



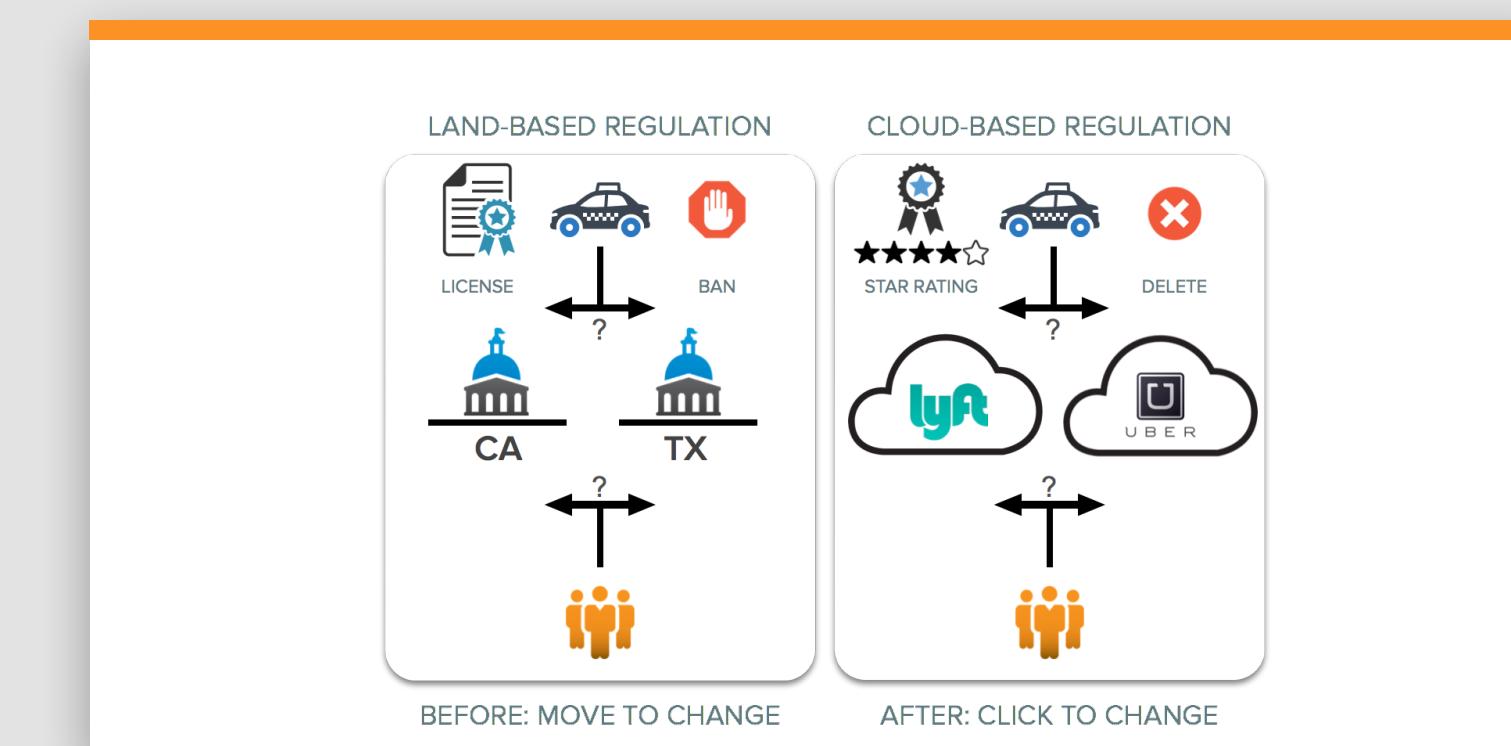
THE STATUS MOTIVE

Align status incentives via PR/social



REGULATION 2.0

Ultimately, become a better regulator



So, What Does It Mean to Reinvent Regulation?

We combine these four principles to make and win a legal argument.

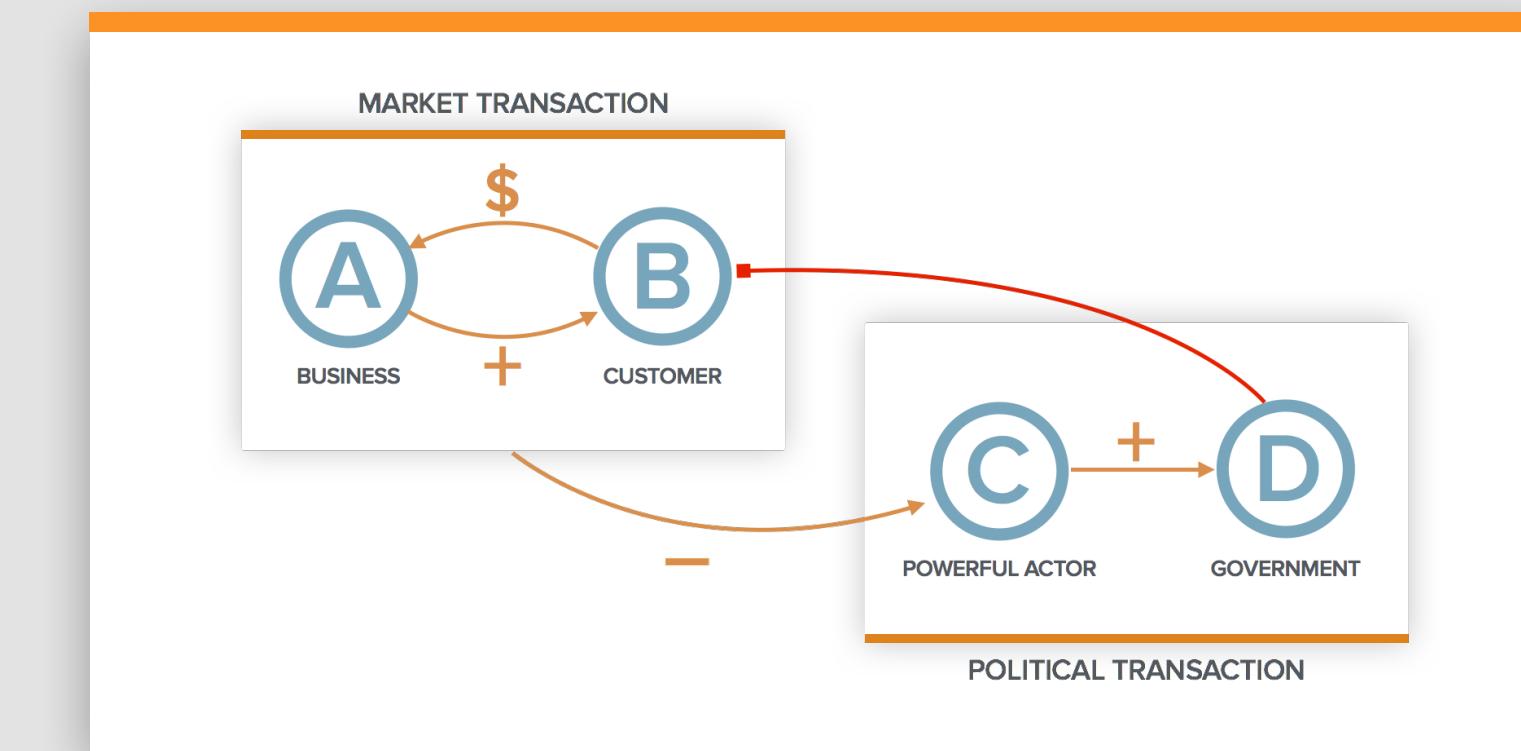
CHOICE

Find a jurisdiction to make the argument



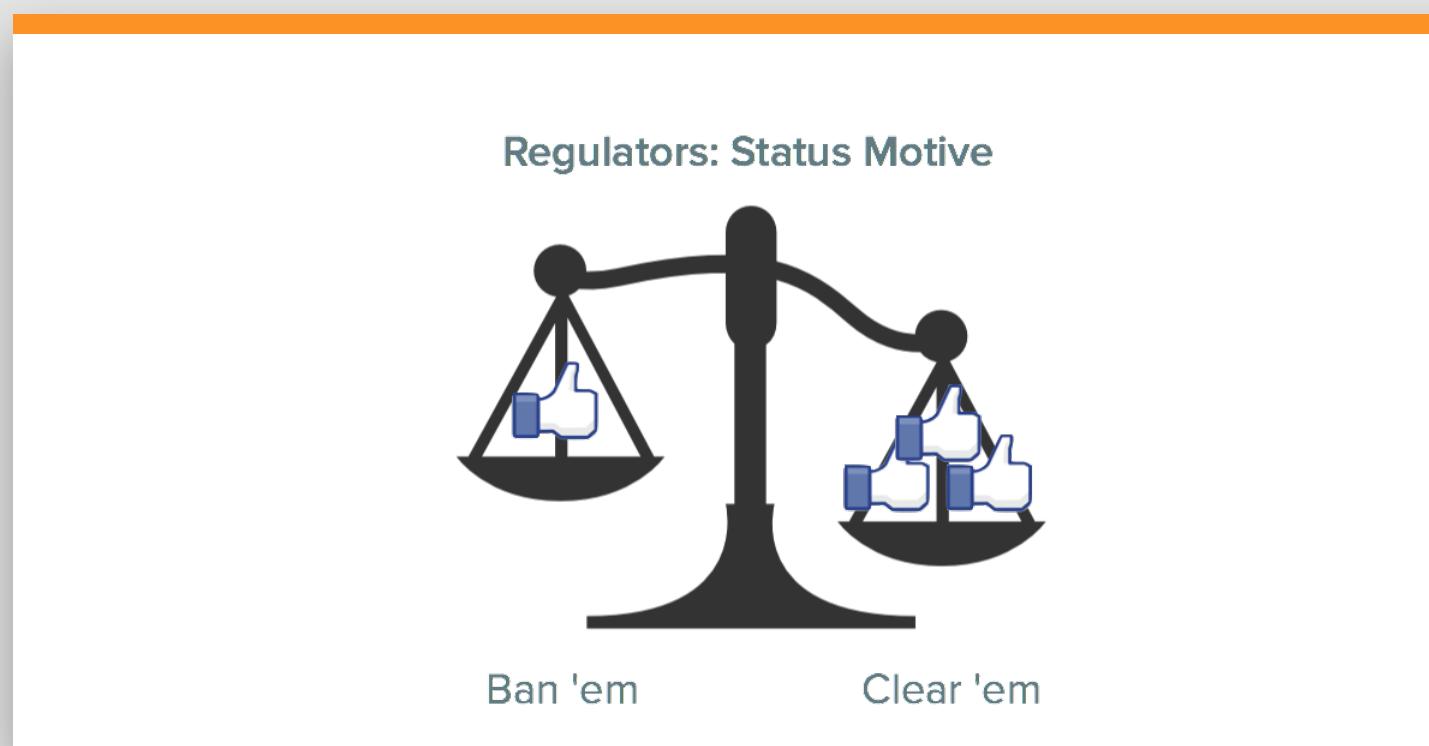
RESTRUCTURING

Use tech to create a new legal argument



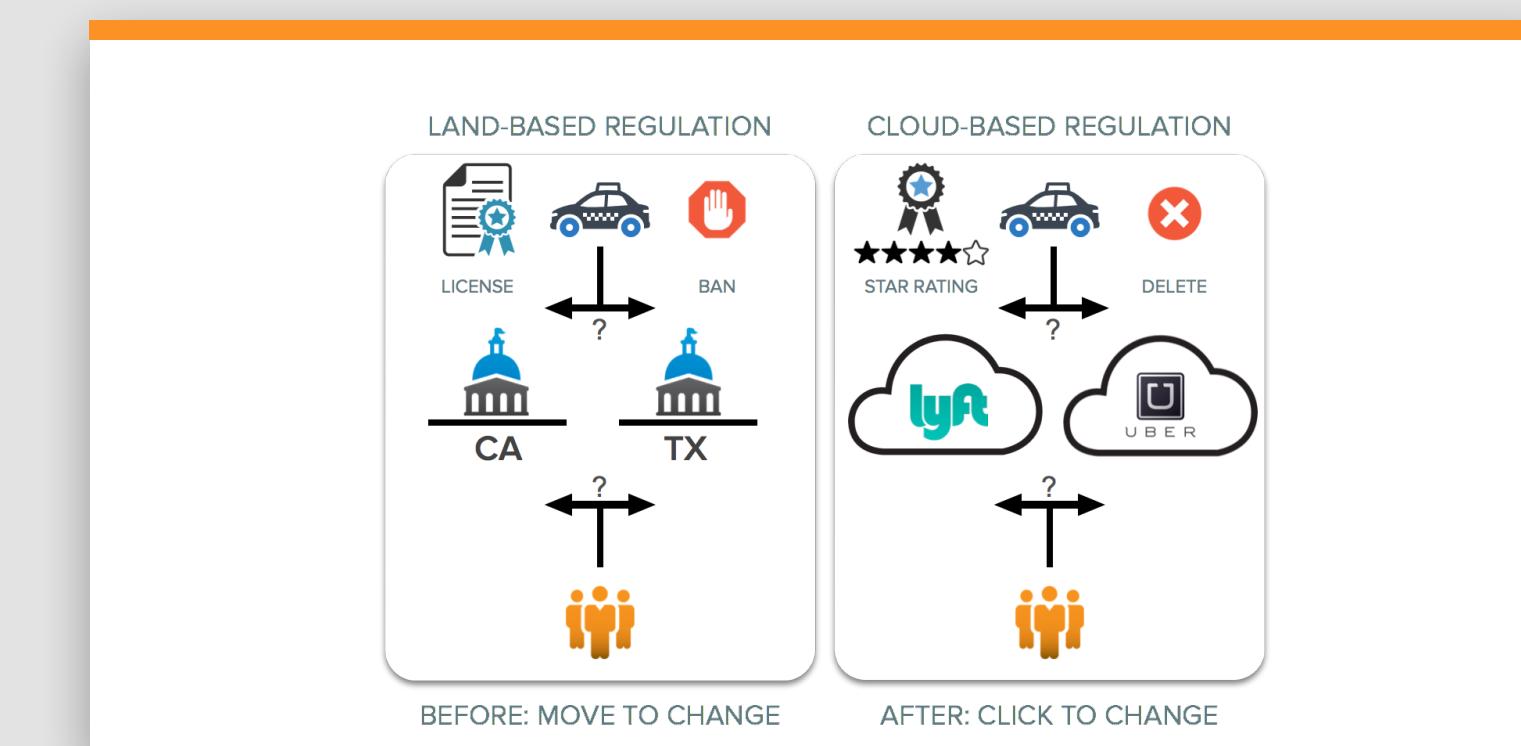
THE STATUS MOTIVE

Win argument in the court of public opinion



REGULATION 2.0

Ultimately, make the argument law



- 1 Why is this trend happening now?
- 2 Why was regulation invented?
- 3 How is regulation being reinvented?
- 4 What could we do?

Summary

- Technology is reinventing regulation
- Because regulation is information
- 2010s: local physical (taxis, hotels, ...)
- 2021: federal digital (Fed, SEC, ...)
- 202X: federal physical? (FDA, FAA, ...)

Summary

1. The goal is life extension
2. Regulatory harmonization stops us from getting there
3. The non-solution is to simply "end the FDA" (0 regulation)
4. The solution is to *exit* the FDA by building an alternative (regulation 2.0)
5. Treat regulation as information, as technology that controls Type I/II errors

Our goal is not 0 regulation.

It's regulation 2.0.

Next Steps

Please fill out the feedback form.

To contribute figures and copy edits, go to github.com/1729/content/issues.