



*A critical analysis into platform regulatory approaches in  
Australia, the UK and New Zealand.  
Where are the boundaries between platforms and media?*

Dr Merja Myllylahti

Madrid, Spain

July 12, 2019

# Presentation outline

- Introduction to research
- Breaking up Facebook – a solution?
- Platform power – earlier studies
- Problems rising from competition regulation
- Where are boundaries between platforms and media?
- Research questions
- Findings
- Conclusions

# Regulatory approaches in 3 countries

- This paper explores platform regulatory approaches in Australia, the UK and New Zealand.
- It is based on the document analysis of
  - ACCC Digital Platform Inquiry (preliminary report)
  - The Cairncross Review
  - NZ Commerce Commission's ruling of NZME/Fairfax merger
  - News companies submissions



# Digital Platforms Inquiry

Preliminary report

December 2018

## Document analysis of digital platform inquiries & competition rulings

---

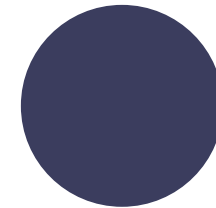
- In 2017, Australian government launched the “first in the world” digital platforms inquiry to assess how platforms affect Australian media and advertising markets.
- Its preliminary report was published in December 2018, and the final report in June 2019.
- In the UK, Cairncross review was launched in 2018, and its report was published in February 2019.
- In New Zealand, Commerce Commission assessed Facebook’s and Google’s role in the media market while ruling of NZME and Fairfax in 2017.

- There has been a huge backlash against tech titans, especially Facebook.
- Company's co-founder Chris Hughes has called for regulators to break up the social media giant.
- He calls the company a “powerful monopoly, eclipsing all of its rivals and erasing competition.”



---

## Break up Facebook?



# Professor Siva Vaidyanathan

“Facebook presents radically new challenges. It is unlike anything else in human history – with the possible exception of Google.”

“Facebook operates beyond the reach of states and market forces. This is not healthy. Addressing Facebook properly will require years of study. It will also require fresh thought and bold creativity.”

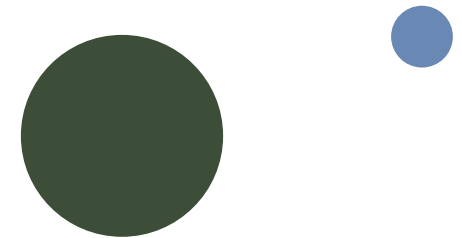
<https://www.theguardian.com/commentisfree/2019/apr/28/regulating-facebook-will-be-one-of-the-greatest-challenges-in-human-history>



- Examining regulation of digital platforms has become increasingly important for the political economy of communication studies (Myllylahti, 2018; Pickard, 2018a & 2018b).
- Some earlier studies argue that Facebook has ‘substantial power’ or monopoly power over media companies (Bell & Owen, 2017; Myllylahti, 2018; Nielsen & Ganter, 2018; Pickard, 2017).



Facebook has substantial or  
‘monopolistic power’



# Whose interests are protected by regulation?

---



- Parker et al. (2016) argue that competition **regulators tend to protect interests of industries**, not of the general public, and therefore they may not address problems raising outside their remit.
- Lynskey argues that **platforms have also other power than just 'market power'** which can lead to dominance and abuse of their dominant position, and therefore some effects of their power “are not captured by competition law” (Lynskey, 2018,p.176).



# How do we distinct platforms/media companies?

Flew, Martin and Suzor (2019) suggest that in order to regulate digital platforms, we need to establish

- **How to distinct platforms from traditional media companies?**
- **What are the best measures to address platform dominance?**
- Should we focus on strengthening social obligations of the major platforms?

(Flew, Martin and Suzor, 2019, p.42)



# Platforms have become publishers?

- In 2017, Emily Bell and Taylor Owen stated that  
“technology platforms have become publishers in a short space of time, leaving news organizations confused about their own future. If the speed of convergence continues, more news organizations are likely to cease publishing—distributing, hosting, and monetizing—as a core activity” (Bell and Owen, 2017, p.9)

Tow Center for Digital Journalism

## **THE PLATFORM PRESS: HOW SILICON VALLEY REENGINEERED JOURNALISM**

**EMILY BELL  
TAYLOR OWEN**

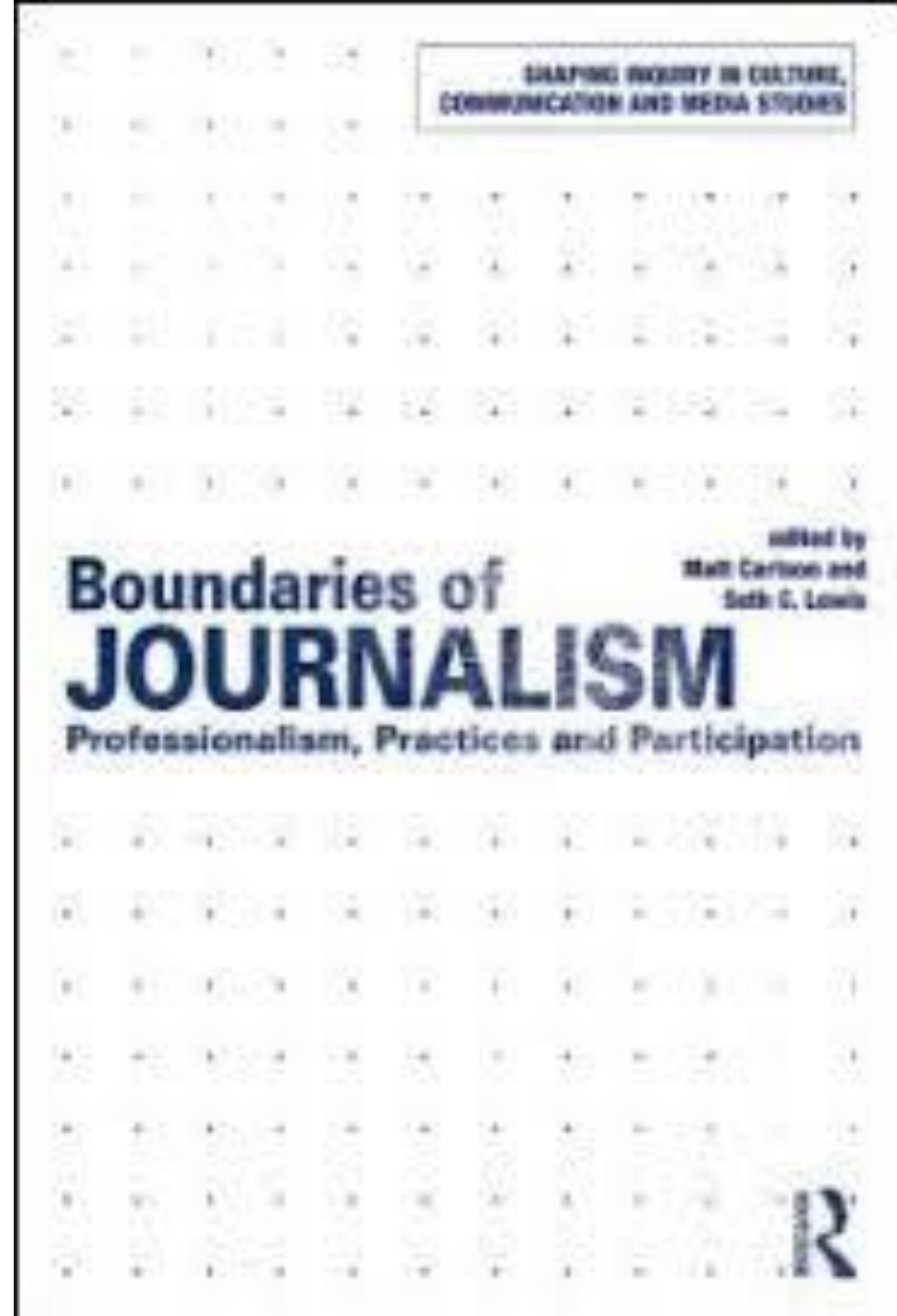
# Are platforms publishers?

Picard and Pickard (2017) state that “platform responsibilities might differ from those of traditional publishers....[but] these firms are increasingly monitoring, regulating and deleting content, and restricting and blocking some users, functions that are very akin to editorial choices (p.6).



# Where are the boundaries?

- Carlson (2015) states that the “struggles over journalism are often struggles over boundaries”, and this struggle applies to news organisations as well (p.2).
- By investigating how regulators and news companies see platforms and their power, we can try to understand how the boundaries between platforms and news organisations are drawn, and what we might need to regulate.



# Forms of boundary work

- **Expansion** – incorporating non-traditional journalists; taking over new media practices as acceptable, absorbing new media as acceptable journalism
- **Expulsion** – expelling deviant actors, expelling deviant practices, expelling deviant forms and values
- **Protection of autonomy** – keeping out non-journalistic informational actors, defence of ability to define correct practices, defence from non-professional outsiders

(Carlson, 2015, p.10)

# Research questions

RQ1 Are platforms seen as media/news companies?

RQ2 Do the views of digital inquiries/regulators align with news industry?

RQ3 What power platforms are seen to possess?

RQ4 What regulatory/other measures are proposed to address platform power?

RQ5 What power platforms attach to themselves and do they see a case for regulation?

RQ1 Are platforms seen as competitors for media/news companies?

---

Inquiries regard platforms as intermediaries, not content creators, and “**critical business partners** for media companies”

---

News industry also regard platforms as “**business partners**”, “intermediaries”, “competitors”

---

Google: we are not a media company, we don't produce media

---

Facebook: we are a tech company and “**business partner**” for publishers - not essential gateway for news

RQ2 Do the views of digital inquiries/regulators align with news industry ?

---

Digital inquiries views mainly align with news companies

---

Both suggest that Google and Facebook have significant market power in digital advertising and search

---

Both suggest regulation of algorithms

---

Both suggest taxation as a partial solution to the 'platform problem'



RQ3 What  
power  
platforms are  
seen to  
possess?

---

Regulators assert that platforms dominate in digital advertising; they are seen having **market power in digital advertising** (and display ads) and **market power in online search** (Google)

---

News companies state that Facebook and Google have “**substantial market power in advertising, search functions and referral traffic**”; additionally “gatekeeping power”

---

Google: Company does not have market power in Australian online searches

---

Facebook: does not have substantial power in referral traffic or digital advertising.

RQ4 What regulatory/other measures are proposed to address platform power?

---

Regulators suggest **oversight of algorithms over news selection**; enforcement of copyright; new investigations for digital ad market; **regulating content to avoid fake news**; **regulating quality of content**; **tax reliefs**

---

News industry proposes **tax reliefs** for digital subscriptions; breaking up Google; new competition authority for Australia; obligatory content payments from platforms to news companies; **independent regulatory body for the content**; **transparency for algorithms**

---

Google & Facebook – don't need new regulation

RQ5 What power platforms attach to themselves and do they see a case for regulation?

---

Google believes it does not have market power in Australian online searches and ads, hence **does not need to be regulated**.

---

Facebook believes **news feed should not be regulated by regulators** (no regulation for its algorithms).

---

Facebook believes there is not basis for new government advertising regulatory body – it states that it is competing with Amazon, Apple, Google and others for ad dollars.

---

Facebook states that there is not evidence of misuse of market power, not in digital advertising or referral traffic, hence **new regulation is not needed**.

---

Facebook states that data does not equal to market power.

# Conclusions

RQ1 - Platforms are not seen as media companies, but as business partners, intermediaries and competitors

RQ2: The views of governmental inquiries and news companies mainly align

RQ3 - regulators and news companies believe that Google and Facebook **have market power in digital advertising and online search** – additionally news companies believe that they have rereferral and gatekeeping power

RQ4 - **both regulators and news industry propose tax reliefs; regulating platform content and improving algorithmic transparency.** Not surprisingly, Google and Facebook believe that no further regulation is needed.

RQ5 – Facebook and Google deny having market power in search, digital advertising, referral traffic – therefore no extra regulation needed

Discussion – where are the boundaries?

- News companies and regulators **expel** platforms as media companies (exclusion)
- On the other hand, they believe that platforms have similar functions to media companies - they propose quality control for their content and oversight for algorithms (**expansion**).
- When looking at the issue from the **protection of autonomy** point of view, it can be argued that news companies fight for their autonomy by seeing platforms as mere “business partners”, and by asking them to pay for news companies content.
- However, when news companies suggest that platforms have gatekeeping power and their content should be regulated, it suggests that platforms are seen to have similar functions to news companies threatening their autonomy.

# References

- Bell, E. and Owen, T. (2017). The platform press. How Silicon Valley reengineered journalism. Tow Center for Digital Journalism. Retrieved from [http://towcenter.org/wpcontent/uploads/2017/04/The Platform Press Tow Report 2017.pdf](http://towcenter.org/wpcontent/uploads/2017/04/The_Platform_Press_Tow_Report_2017.pdf)
- Carlson, M. (2015). The many boundaries of journalism. Introduction. In M. Carlson & S.C. Lewis (eds.) *Boundaries of journalism: professionalism, practices and participation* (pp.1-18). New York: Routledge.
- Flew, T., Martin, F. and Suzor, N. (2019). Internet regulation as media policy: rethinking the question of digital communication platform governance. *Journal of Digital Media & Policy* 10(1), 33-50.
- Lynskey, O. (2018). The power of providence: the role of platforms in leveraging the legibility of users to accentuate inequality. Section 2, chapter 7. In M. Moore & D. Tambini (eds.), *Digital Dominance. The power of Google, Amazon, Facebook and Apple* (176-201). United States: Oxford University Press
- Myllylahti, M. (2018). Attention economy trap? An empirical investigation into four news companies' Facebook traffic, news distribution and revenue. *Journal of Media Business Studies*.
- Nielsen, R.K. and Ganter, S.A. (2017). Dealing with digital intermediaries: A case study of the relations between publishers and platforms. *New Media & Society*, 1 –18, <https://doi.org/10.1177/1461444817701318>

# References

- Parker, G.G., Van Alstyne, M.W. and Choudary, S.P. (2016). Platform revolution. How networked markets are transforming the economy and how to make them. New York: W.W. Norton & Company.
- Picard, R. and Pickard, V. (2017), *Essential Principles for Contemporary Media and Communications Policymaking*, Oxford: University of Oxford.
- Pickard, V. (2017, November 28). The big picture, misinformation society. Publicbooks.org. Retrieved from <http://www.publicbooks.org/the-big-picture-misinformation-society/>
- Pickard, V. (2018a). Digital journalism and regulation, ownership and control. Chapter 16. In S. A. Eldridge II & B. Franklin (eds.), *The Routledge Handbook of Developments in Digital Journalism* (pp.211-222). London, New York: Routledge.
- Pickard, V. (2018b, April 19). Break Facebook's power and renew journalism. *The Nation*. Retrieved from <https://www.thenation.com/article/break-facebooks-power-and-renew-journalism/>