Breaking Facebook’s Grip

To renew journalism, we must take back the Internet from monopolies.
Facebook’s sudden fall from grace has toppled long-held assumptions that it couldn’t be regulated. Now a rare bipartisan consensus has emerged that Facebook’s unaccountable power may require government intervention.

The recent Cambridge Analytica scandal helped kick-start an overdue conversation about monopoly power, its pernicious effects on society, and the government’s role in stopping it. It’s a precious opportunity for structural reform that has implications far beyond Facebook.

How can we seize it? Mark Zuckerberg himself has acknowledged that regulation might be necessary. But what kind of regulation? Do we repeat past mistakes and settle for a kind of weak self-regulation that will fade over time? Or do we subject Facebook to real public oversight and implement redistributive measures?

Thus far, the discussions have focused mainly on user privacy, which is vitally important. But we should also consider a broader, bolder vision that includes what Facebook owes society in return for the incredible power we’ve allowed it to amass—even as we contain and erode that power. It’s time for a new social contract.

This contract must assert public control over communications systems. It should protect content creators and individual users (i.e., those who actually provide the labor, attention, and data from which Facebook generates its wealth). But most important, it must privilege society’s needs over Facebook’s primary objective: maximizing profit.

Make Facebook Pay for Journalism

Over the past year, Facebook has been accused of mishandling users’ data, abusing market power, and propagating misinformation—all while extracting profound wealth across the globe. Facebook should provide much more in exchange for its tremendous profits and assume greater responsibility for its costs to society.

Journalism’s dependence on advertising revenue has always made it vulnerable. Now, with Facebook and Google hogging digital ad dollars, the commercial model has collapsed—with devastating results. Less revenue means fewer journalists, leaving newsrooms across the country gutted or shuttered. The newspaper industry has seen its workforce reduced by approximately 50 percent over the past 15 years. Major social problems and entire regions now go uncovered. Despite talk of a “post-newspaper future,” these institutions still provide most of the original reporting for the entire news-media system.

While various factors have contributed to commercial journalism’s decline, it’s tragically ironic that Facebook and Google are starving the very institutions expected to fact-check against disinformation. To help offset this damage, these companies should fund public-service media such as local news, investigative journalism, and policy reporting—coverage that doesn’t always yield clicks but that democracy requires.

Google has pledged $300 million over three years (per yearly average, less than 0.1 percent of the 2017 revenue of its parent company, Alphabet) for its recently launched News Initiative to combat misinformation and help media outlets monetize news content. Facebook has launched a $3 million journalism “accelerator” (about 0.007 percent of its 2017 revenues) to help 10 to 15 news organizations build their digital subscriptions using Facebook’s platform. These efforts are woefully insufficient. Current losses demand direct support for the journalism that Google and Facebook are sucking dry.

These two intertwined problems—unaccountable monopoly power and the loss of public-service journalism—could be addressed through policy interventions that rein in Facebook and redistribute revenue as part of a new regulatory system designed to address the digital giants’ negative impacts on society. These companies...
should help fund the news media they simultaneously profit from and eviscerate.

An idea that's beginning to circulate here and abroad is a public-media tax on Facebook’s and Google/Alphabet’s earnings that would generate resources for a journalism trust fund. One percent of their 2017 net income, which these companies could certainly afford, would yield $159.34 million from Facebook and $126.62 million from Alphabet—a combined $285.96 million. This money could seed an endowment for independent journalism, especially if combined with other philanthropic contributions from foundations and other benefactors.

Shielded from powerful interests, this trust would remain insulated from government influence. A well-resourced national—and, ultimately, international—journalism fund could help guarantee far-reaching access to quality news. It also could help support an alternative public network (non-commercial and nonprofit) to compete with—and perhaps eventually replace—Facebook.

**Regulating Facebook**

Financial support for journalism is just one potential benefit of bringing the digital monopolies under more public control. Beyond safeguarding users’ privacy, progressive regulations might include mandating data portability; banning advertising from dark-money groups; and enforcing radical transparency and public oversight of algorithms and data collection—perhaps even establishing a social-media regulatory agency.

Facebook’s dominance doesn’t stem from magical technology but from policy failures such as lax enforcement of antitrust laws.

Regulating Facebook will require a toolbox of policy instruments. Recent reforms have included an exception to the Communications Decency Act’s Section 230, which shields websites from legal liability for third-party content, and Facebook’s agreeing to cooperate with researchers. But any regulatory arrangement mustn’t simply consolidate Facebook’s power. An antitrust investigation should explore how Facebook exploits its control over data to dominate the advertising market. And redistributing Facebook’s profits shouldn’t preclude anti-monopoly measures like forcing its divestment from WhatsApp, Messenger, and Instagram as well as preventing future acquisitions.

Historical precedent and mainstream economics justify aggressive regulation of monopolies, especially networks like communications systems. Instead of breaking up such companies—which, along with nationalizing them, should never be off the table—incenatives and penalties can prevent them from exploiting their market dominance and engaging in profit-seeking behavior that’s detrimental to society. Facebook has thus far managed to escape such constraints.

**Reframing the Debate**

Individual freedoms and consumer rights too often define American policy discourse. A more social-democratic paradigm expands this impoverished vision to see news as a public good that shouldn’t be left to the commercial imperatives of unregulated monopolies.

Less in thrall to market fundamentalism, the Europeans are ahead of the United States in confronting Silicon Valley. Beyond the already imposed fines and proposed taxes on Facebook and Google, the European Union’s General Data Protection Regulation ensures that Internet users in the 28 EU nations understand and consent to how their data is being collected, and allows them to move it elsewhere. The GDPR also guarantees a “right to be forgotten” so that EU citizens can remove personal information from the Internet.

In the United States, a #DeleteFacebook movement has emerged, along with calls to create alternative social-media networks. But these efforts, while commendable, are unlikely to spur institutional change, at least in the near term. Many of Facebook’s nearly 2.2 billion users need the platform for basic communication. As Facebook’s expansion continues, we should direct collective action toward policy interventions.

Facebook’s dominance doesn’t stem from the market’s genius or the magic of technology, but from policy failures such as the lax enforcement of antitrust laws. Too many were seduced by the tech industry’s “move fast and break things” ethos. Too many stood silent when told that the Internet didn’t require regulation, that it was inherently democratic, and that benevolent corporations were its best guardians. Policy decisions and indecisions have consequences, and we now reap what was sown.

But it isn’t too late to fix things. Algorithms are human-made—as was demonstrated recently when Facebook adjusted its algorithms to privilege posts from family and friends over those from news publishers. Facebook isn’t some kind of Frankenstein monster beyond social control. Humans can and must intervene. Facebook can afford to hire legions of screeners, editors, and technologists to prevent the spread of disinformation and ensure ethical practices.

Ultimately, however, this isn’t just Facebook’s problem to solve. Governance over communications infrastructure is a political issue. We must determine Facebook’s obligations and how they’re enforced—while preventing government overreach and ensuring democratic, participatory input. International advocacy groups and watchdog institutions should keep monitoring Facebook and demanding accountability. But structural interventions to regulate or break up monopolies and create public alternatives must be considered. A new social contract can help fund the infrastructure that democracy requires, especially journalism that focuses on local issues and holds concentrated power (such as Facebook’s) to account. The challenge before us now is to claw back the Internet from unaccountable monopolies.

Victor Pickard is an associate professor at the Annenberg School for Communication at the University of Pennsylvania and the author of America’s Battle for Media Democracy.