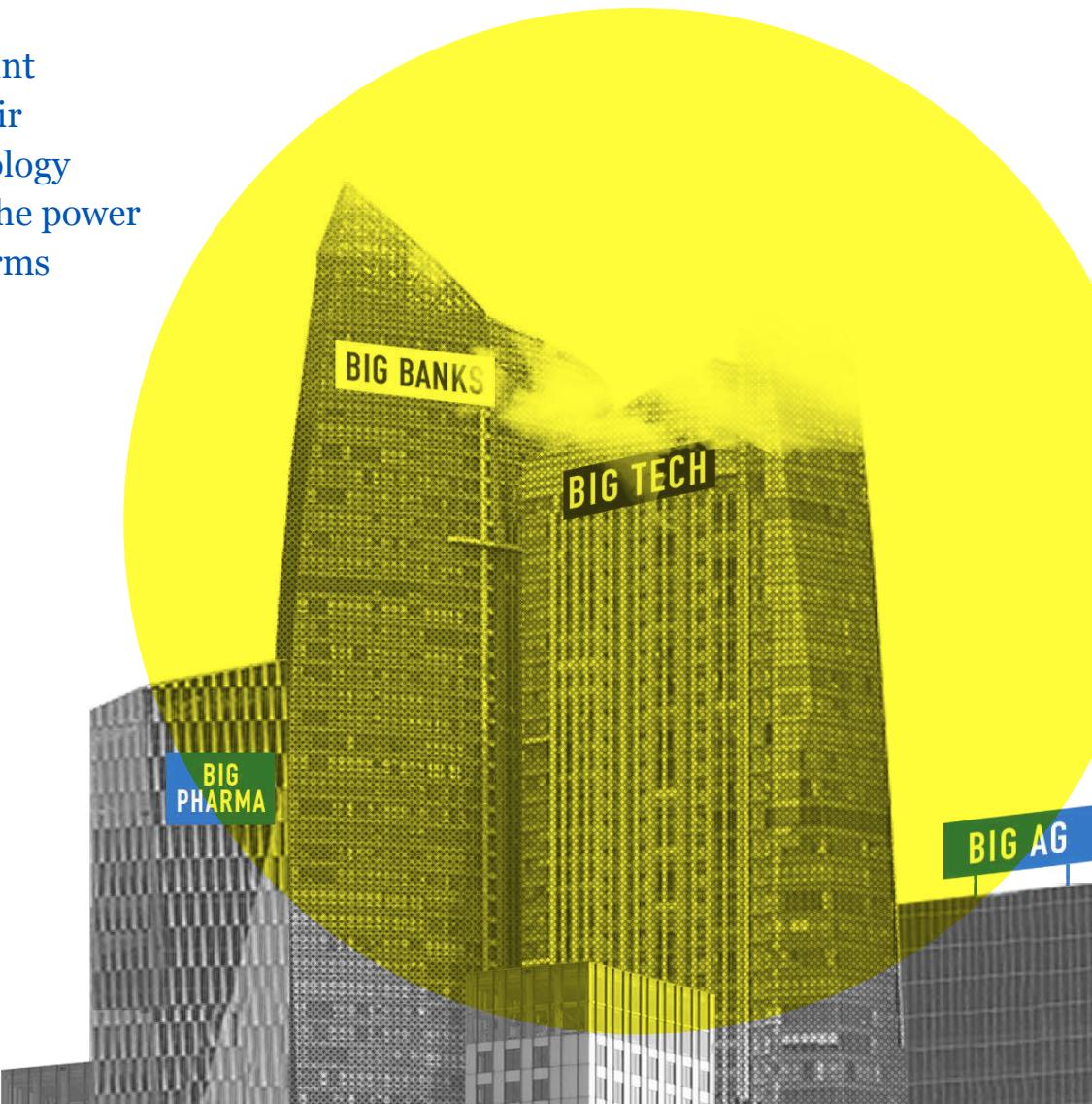
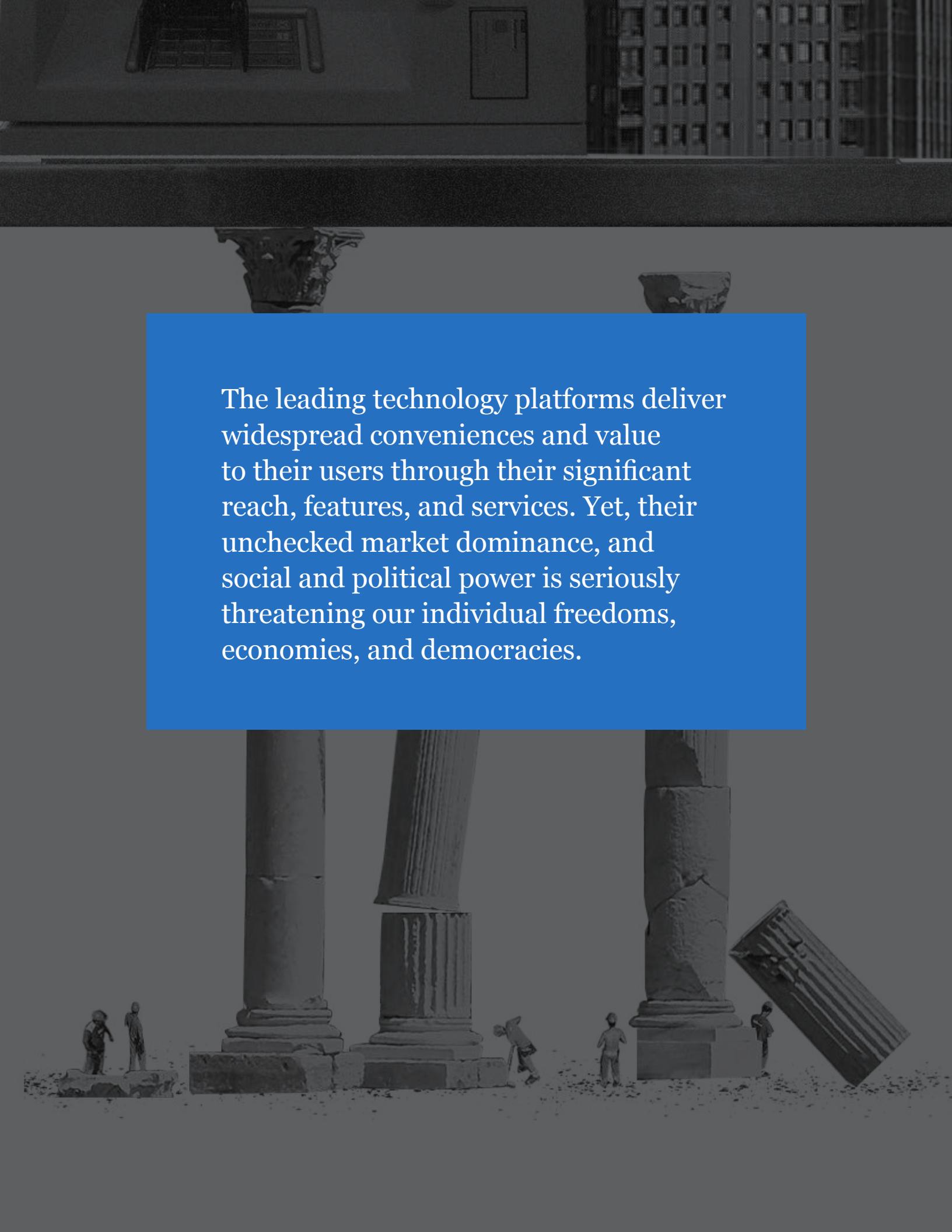


# Unchecked Power: The root of big tech issues

Omidyar Network's point of view on creating a fair and competitive technology ecosystem by curbing the power of the dominant platforms

FEBRUARY 2020





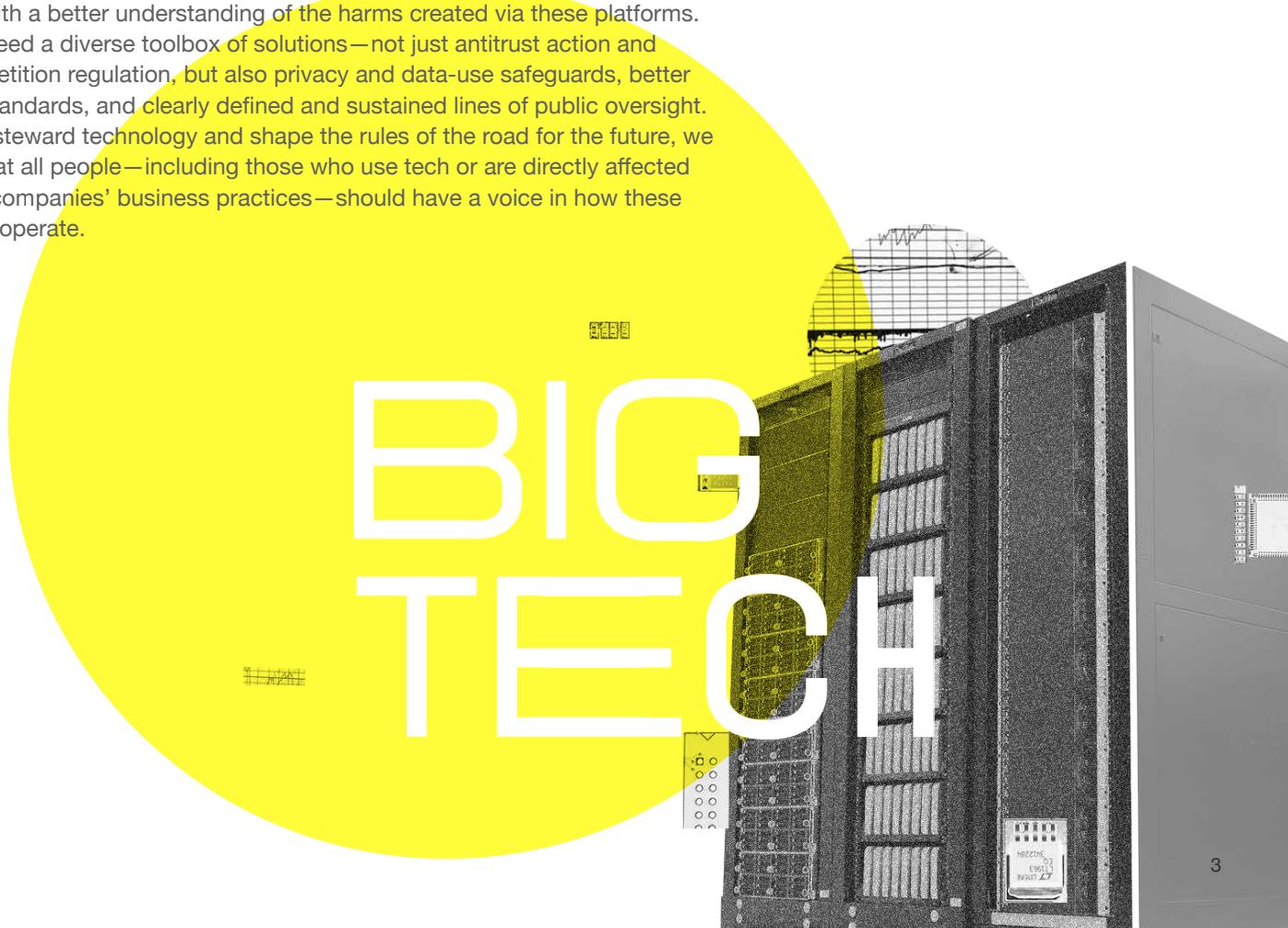
The leading technology platforms deliver widespread conveniences and value to their users through their significant reach, features, and services. Yet, their unchecked market dominance, and social and political power is seriously threatening our individual freedoms, economies, and democracies.

# Making the web safe, inclusive, competitive

The dominant technology companies, such as Google and Facebook, self-declare as “platforms”. This means they own and operate essential infrastructure, provide services on which other companies depend, and engage in multi-sided markets. They deliver widespread conveniences and value to their users through their significant reach, features, and services. Yet, their unchecked market dominance, and social and political power is seriously threatening our individual freedoms, economies, and democracies. From widespread, online disinformation and discrimination against vulnerable groups to questionable tactics to kill competition and pervasive surveillance practices, we have ample evidence that the status quo is creating adverse conditions for individuals and society at large.

We, at Omidyar Network, believe that it's time to rein in the power of these platforms and hold technology companies accountable for their role in fueling inequality and enabling harmful practices. This requires several remedies; starting with a better understanding of the harms created via these platforms. We also need a diverse toolbox of solutions—not just antitrust action and pro-competition regulation, but also privacy and data-use safeguards, better content standards, and clearly defined and sustained lines of public oversight. To better steward technology and shape the rules of the road for the future, we believe that all people—including those who use tech or are directly affected by these companies' business practices—should have a voice in how these platforms operate.

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# The power of platforms

[The dominant technology platforms](#) are ubiquitous and pervasive in our lives. Nearly 20 years ago, sci-fi novelist Neil Gaiman signaled that these giants would soon become the new “American Gods”. Indeed, it’s nearly impossible to imagine searching the Internet, emailing, navigating unfamiliar streets, or watching videos without Google and its subsidiaries like YouTube. Digital shopping before Amazon is a distant memory, and for some, so is riding across town without Uber or Lyft. Stores run by Apple and Google Android enable any number of services via downloadable smartphone apps. And consuming news, information, and social media without Facebook, Twitter, Microsoft’s LinkedIn, or Snap feels old fashioned. These platforms and many others have delivered large-scale conveniences to consumers and commercial opportunities to developers and businesses, forever changing our personal, social, and professional lives.



Despite these platforms' many benefits, we can no longer ignore their negative impacts—however unintended they may be. Nearly every day, we see reports about the threats stemming from the unchecked power of these platforms, including:



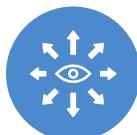
The [pollution of online discourse](#) and the unfair [targeting of vulnerable communities](#)



The [weaponization of online information](#) and the creation of multiple, competing realities



The [degradation of journalism](#) and [lack of transparency of political speech](#)



[Widespread surveillance](#), data manipulation and abuse, and behavioral persuasion [without regard for users' rights](#)



Addiction and [damaging mental health effects](#) of products



[Anti-competitive behavior](#), and the resulting squeeze on innovation and healthy competition



[The undermining of our democratic processes and institutions](#)

To be sure, the dominant technology platforms alone are not the only cause of these harmful realities. Business model incentives in digital economies, a lax regulatory environment, outdated content moderation regimes, and obsolete data protection and privacy paradigms all play a role. However, we believe that these negative effects are rooted in the leading technology platforms' unchecked exercise of power. This power is ultimately derived from their ubiquity and indispensability alongside their market dominance, which is the result of their unparalleled access to and use of consumer data (and associated network effects). In the absence of competition, regulation, and other countervailing checks and balances, these technology platforms have so much influence that they can often create their own "rules of the road" to sustain their dominance.

Until now, tech giants have avoided meaningful public oversight. We believe the status quo of self-regulated technology platforms has increasingly harmed people, our political discourse and social institutions, and dampened entrepreneurship and innovation. This must change; all forms of concentrated, unaccountable power must be checked and balanced.



# A time of reckoning

As public recognition of the leading platforms' harmful effects hits a crescendo, many wonder how we strayed from technology's original promise to serve its users' interests. We believe four dynamics enabled some technology companies to amass and abuse their outsized power:

- 1 The accepted wisdom that regulation is ham-fisted and stifles innovation, combined with the industry-driven notion that many of the platforms' products and ideas—such artificial intelligence-enabled, behavioral advertising—are either too new or too valuable to effectively regulate. These narratives have facilitated regulatory permissiveness and lax enforcement by most government agencies and legislatures.
- 2 In the US, too many politicians and regulators still lack sufficient understanding of how the technology platforms and digital markets work. Even with recent debate on transparency in political advertising and campaign cyber-security, American lawmakers' technical understanding lags behind much of the world. As a result, government leaders are unable to identify harms, take timely action, implement effective policies and regulations, or imagine future scenarios to avoid. In the EU, decision-makers, who are more willing to act and lead capable regulatory institutions, are struggling to find the right remedies to the problems they identify. Consequently, legislative and regulatory action is suboptimal. International dialogue and coordination on data protection, content policies, and democratic integrity is essential to address this cross-border issue—particularly when China and Russia, for example, have different objectives with technology.
- 3 Technology companies invest considerable sums of money and influence to maintain their dominance through lobbying, public relations campaigns, and acquisitions that absorb competition. They fuel narratives like *competition is one click away* (Google); *we allow hateful and dangerous content because it is newsworthy/we care about free speech* (Twitter, Facebook); *consumers get great services for free* (Facebook); and again, *regulation kills innovation*. They also systematically disempower their own workers' voices and movements.
- 4 Public interest groups and academic experts have been out-maneuvered by organized business. Technology giants have co-opted or conditioned many independent voices that until very recently thought that technology companies were automatically, and in perpetuity, going to be their allies. As a consequence of receiving funding or free services from the technology platforms, some nonprofits and researchers haven't been allowed to translate the gravity of the issues into a resonant public narrative that would lead to changes at the companies.



The good news is the tide is starting to turn:



We've seen an unprecedented **spike** in the public and media "techlash"—a set of new narratives about technology platforms' power with a call for a civil society and **government response**. Tellingly, **Americans are asking for protection** from the unchecked power of tech giants.



The **governance environment in influential states and regions has shifted** in favor of more robust approaches, including investigations into **antitrust** and **digital competition**, following advances in **data protection** regulation and **privacy** law. **Across** the political **spectrum**, politicians are calling for **big structural changes**.



Criticism of technology platforms and calls for change now includes **former insiders and executives**, like **Roger McNamee**, **Chris Hughes**, and **Martha Lane Fox**. Though many critiques tend to focus on a specific, salient problem, such as online hate speech, algorithmic bias, or data privacy breaches, they all contribute to the broader paradigm shift.

To capitalize on this momentum, we believe there is a critical window of opportunity today for a broader movement to create the will, environment, and conditions for a more responsible, competitive, fair, and innovative technology industry that respects the people who use technology.

**SOCIAL MEDIA RUMORS SPUR GENOCIDE**

**ELECTION INTERFERENCE**

**ONLINE STORE RAISES PRICES OF COMPETITORS**

**EU TO INVESTIGATE PLATFORM**

# Sustainable, systems change over silver bullets

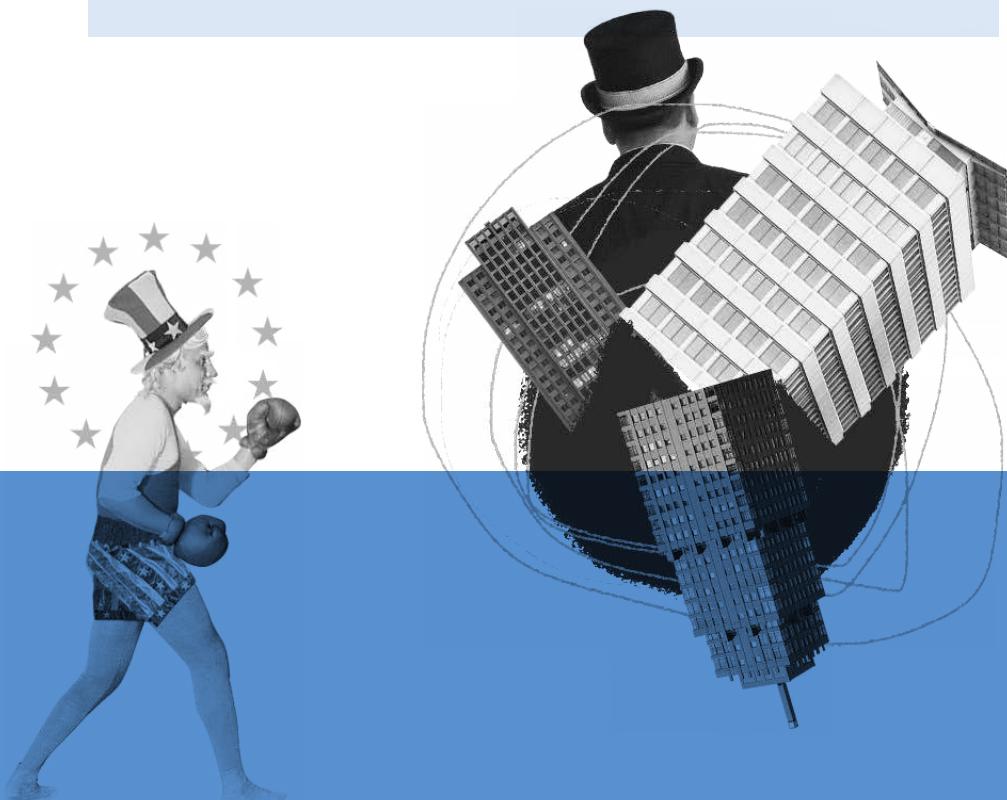
**Strong, sustainable, and systemic changes in the way the leading technology platforms operate will require multi-sector attention and support for diverse solutions. We advocate for sustained effort across three key areas:**

1

## **Irrefutable evidence, understanding, and discussion of the platform's negative effects**

High-quality research and analysis can illuminate the variety and extent of ways in which people, entrepreneurs, economic markets, and democratic discourse have been and can be harmed by the technology platforms' abuses of power. A rigorous and sufficiently large evidence base combined with a clear and compelling way to explain the problems to the public can help lawmakers and regulators understand what's at stake and see the required urgency for policy and enforcement action, [including where old standards need to be updated](#). Collecting first-hand experiences, revealing trends, creating models, and planning for future scenarios can also help generate more nuanced solutions as well as equip civil society organizations and media to sustain pressure and demand a response from the leading platforms.

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## 2

### Comprehensive solutions that address privacy, competition, governance gaps, perverse incentives, and content

In recent months, there have been a raft of potential policy solutions, such as proposals to make social media data portable [and interoperable, and also](#) calls to break up Facebook, Google, and Amazon. While these potential solutions raise awareness of the issues at hand, many unfortunately rely on inadequate data; incomplete economic, legal, and cultural analysis; and unrealistic interpretations of the law. There's a real danger of entrenching the very problems we are trying to fix with these proposals. As a result, policymakers have yet to land on a real path forward for regulating the technology industry.

**No single, silver bullet will address the variety of harms and the widespread influence of the dominant technology platforms.** Antitrust enforcement or pro-competition regulation alone will not be enough to ensure that we rebalance the interests of platforms with those of society. One-off efforts to enhance competition by breaking up the dominant social networking companies like Facebook may ultimately translate into a “race to the bottom”, especially where in the absence of a stringent, federal privacy framework an increased number of competitors have even greater incentives to drive engagement and revenue through aggressive data surveillance. Additionally privacy legislation or restrictions on data usage could entrench the already dominant platforms, if those remedies are not accompanied by pro-competition approaches like mandating [interoperability \(which would allow challengers to access and communicate with the “walled gardens” of the dominant platforms\)](#) or [opening up data access \(which would empower users to take their data to other services\)](#). And solely focusing on [taxing targeted, digital ads](#) might disincentivize micro-targeting and persuasion engines, but it won't curb platform's practices of harvesting of behavioral data to optimize artificial intelligence and machine learning nor would it address fundamental flaws in the data economy.

No single, silver bullet will address the variety of harms and the widespread influence of the dominant technology platforms. Antitrust enforcement or pro-competition regulation will not be enough to ensure that we rebalance the interests of platforms with those of society.



Instead, we need multiple, simultaneous approaches that can, in concert, create the conditions for healthier technology platforms, including:

**Stringent and comprehensive data protection and privacy laws.** Privacy protection laws and related regulations (worldwide) should focus on empowering the people who use technology and mitigating data abuse by limiting data collection; mandating data minimization; restricting unfair or harmful uses of data, especially for vulnerable populations; and providing a way for users to voice their concerns. Such laws, at the national, supranational, and subnational levels, can rebalance incentives that encourage surveillance capitalism, promote the development of different and less harmful business models, and establish [data rights](#).

**Antitrust action and competition regulation.** We believe that a responsible, competitive, and fair technology industry would deliver more choice, increase consumer and social welfare, and enable more innovation. Public sector remedies worth exploring in the US and EU might include:

- **Antitrust action** against technology titans to explore structural solutions, reverse existing mergers and acquisitions, and check anti-competitive behaviors;
- New, **pro-consumer and pro-competition protocols and obligations.** This may include interoperability requirements that break down barriers between platforms and provide access to challengers or competitors; data portability rights that allow users to choose with whom they do business; and taxes on revenue models that are [harmful](#);
- **Curriculum and training for politicians**, policymakers, regulators, and judges to gain an updated understanding of data markets, digital economies, and the specificities of technology platforms; and
- **A clear and sustained line of public oversight** and accountability for the dominant platforms. [Scholars](#) as well as the French and Canadian governments, for example, have proposed dedicating agencies to innovation, healthy competition, and emergent issues we cannot yet predict today. With this mandate, anti-competitive behavior can be more thoroughly examined and consistently interpreted.

**Corporate governance overhaul.** Society also needs to rethink the practice of issuing non-voting, dual-class shares, which allow companies to raise public funds while avoiding meaningful shareholder oversight, as well as supporting the organization of influential shareholder or consumer activist groups.

**Catalyzing competition and alternative business models.** Better regulation on competition dynamics should open the door to more challengers with healthier propositions, such as inclusion, privacy, security, user agency and control, transparency, and accountability, which are largely absent among today's platform leaders.

**Content standards and policies.** Supporting free speech and healthy communication on open as well as encrypted platforms that are flooded with disinformation, dangerous content, and malicious intent is a significant challenge—one that technology giants readily [admit](#). We encourage the development of nuanced and forward-looking approaches—clarifying the often-confused issues of content moderation, content recommendation, and content regulation—to limit harm to users, enable trustworthy discourse, and respect the democratic process and civil liberties.

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### Inclusive movements that elevate the evidence and advance the solutions

And to build a groundswell of support across sectors, we also see promise in:

**Building out a robust ecosystem of dedicated, public interest advocates and researchers** to work on checks and balances, act as watchdogs, organize campaigns, and include marginalized voices in the development of solutions. Connecting experts from different disciplines and communities, like child protection nonprofits and social justice movements, is one of our priorities. Their members disproportionately experience the negative effects of technology platforms (e.g., algorithmic discrimination), and they uniquely understand what solutions will address those pain points and promote equity, and which will further entrench existing power imbalances.

**Activating public awareness campaigns that inspire action** to inform everyone about potential threats, their rights, and what they can do to advocate for change and protect themselves. For example, more advocates are needed to educate people on why data privacy is valuable, even when they “have nothing to hide” and when giving access to technology platforms comes with more convenience.

**Working with legislators and regulators in key jurisdictions**, such in Washington, DC, California, and Brussels, to help ensure these champions and campaigns see their desired change. No one country or supranational entity is going to prioritize, nor solve these complex problems alone. Champions of a fair and competitive technology ecosystem must continuously work to bridge the gaps that exist between government leaders’ capacity and priorities, encouraging different jurisdictions to work together and learn from each other, in order to achieve a common goal.

**Enabling continuous input** by experts, users, and advocates, to help the dominant technology platforms foresee and mitigate emergent issues before they become crises. It would be naïve to think that addressing already-identified issues in the ecosystem will be sufficient; everyone has a role to play in ensuring that the people who use technology, and those who are affected by it, remain empowered to engage in, advocate for, and bring meaningful change to the platform economy.

**Responsible business leaders** from other parts of the “digital economy” can be part of the solution to many of the challenges described. Industry insiders know better than anyone what technical fixes are necessary to make the digital economy more competitive, privacy oriented, and user centered. The proactive engagement of responsible business leaders in the design of new governance structures for technology (alongside ethics training for entrepreneurs and builders) would surely accelerate and future proof the desired change.

Champions of a fair and competitive technology ecosystem must continuously work to bridge the gaps that exist between government leaders’ capacity and priorities, encouraging different jurisdictions to work together and learn from each other, in order to achieve a common goal.

To help the technology industry reach its greatest, most society-enriching potential, all people should have a voice in how powerful platforms operate. Through these collective efforts, we believe we can help to create the conditions where technology platforms can continue to innovate while also promoting human well-being, promoting equity, and respecting individual liberty.

# Empowering people, not platforms

In support of platform accountability, we've invested in various groups—such as [Open Markets Institute](#), [Public Knowledge](#), and Yale's [Thurman Arnold Project](#), led by Dr. Fiona Scott Morton—that are challenging the leading technology companies' narrative and bringing evidence to compel action. The [Anti-Monopoly Fund](#), led by Facebook co-founder Chris Hughes, will serve as a clearinghouse for academic research, policy advocacy, storytelling, and grassroots action. We are also helping to change whose voices and experiences are heard by US policymakers on these issues through [Color of Change](#), [Center for American Progress](#), [Free Press](#), [Open Technology Institute \(New America Foundation\)](#), [Public Citizen](#), [Consumer Reports](#), and [Consumer Federation of America](#). We will continue to expand and strengthen these efforts—both by doubling down in support of organizations doing great work, while also finding nascent ideas that are more experimental and creative to round out and diversify key strengths in this space. We encourage others to join this movement and help set clear rules and boundaries for powerful platforms; create an environment where innovation and new ideas flourish; and ensure a meaningful voice for people in how technology and society interact.

Help set clear rules and boundaries for powerful platforms; create an environment where innovation and new ideas flourish; and ensure a meaningful voice for people in how technology and society interact.

