Chapter 16

Towards a policy for digital capitalism?

Werner A. Meier

Democratic states and their respective civil societies face extraordinary difficulties in formulating and enforcing policies against leading transnational corporations. Social scientists, too, find it difficult to incorporate the diversity of new challenges into the national and global debate from a comprehensive perspective. This chapter is the result of scrutinizing the risks and challenges of platform and surveillance capitalism and the way in which the different forms of digital capitalism shape social and societal changes from a political-economic macro-perspective. A list of topics for future research and policy fields requiring action concludes the chapter.

From the very beginning, digital structural change and its consequences for the public and society were discussed as controversial in the media and in communication science (DiMaggio et al., 2001). While the so-called cyber-euphorics emphasized above all the positive effects of the internet, such as easy and inexpensive access to a vast amount of information, more interactivity and greater participation for all, the so-called cyber-sceptics tried to find answers to questions of unequal access to the internet. This applies in particular to socially and educationally disadvantaged social classes but also to certain groups, such as old or vulnerable people who are dependent on social support or those with a migration background.

However, the basic problems raised in this book cannot be addressed with a multitude of micro-studies. Rather, the structural frameworks and actors that are responsible for the political, economic, cultural and social institutionalization of media technologies and services should be analysed in more detail.

For more than 20 years, business and politics have been accepting and promoting an entrepreneurial and state-concerted commodification of legacy media, platforms and services. This commodification has led to new conditions of exploitation, instead of the liberation of dependencies. Access to capital and resources determines how and to what ends new technologies and services are developed and institutionalized on proprietary platforms or networks. Technologies of freedom, emancipation, control and exploitation develop together with the dominant market structures and political

power relations. The expansion and the closing of the digital divide are the expression and consequence of confrontations within the framework of digital and global capitalism, which will be discussed in the second section of this chapter. This also includes the governmental and multilateral efforts in media, platform and data policy, which are discussed in the third section of the chapter.

**Structural features of digital capitalism**

Already 20 years ago, the American media communication scholar Dan Schiller dealt with the emergence of digital capitalism in the US. Applying a political–economic perspective in his book *Digital capitalism* (1999), he expressed scepticism about the rampant promises flooding cyberspace. Schiller claimed that this new network was quickly colonized by the dominant, neoliberal market structures. Computer and telecommunication networks were in the process of completely interlocking with the existing hypercapitalism to expand massively the effective reach of the markets. The internet represented the central production and control apparatus of an increasingly transnationalized market system and played a leading role in the globalization of the capitalist economy. This would expand the social and cultural spheres of influence of digital capitalism as never before (Schiller, 1999: xiv). According to Schiller, this transformation above all strengthens transnational corporations while at the same time exacerbating the existing social and societal disparities.

In the same year, Peter Glotz, a professor of media and communication science at the University of St. Gallen, wrote a book entitled *Die beschleunigte Gesellschaft. Kulturkämpfe im digitalen Kapitalismus* [Accelerating society. Cultural battles in digital capitalism]. Based on the American economic consultant and bestselling author Tom Tapscott, Glotz (1999) assumes that capitalism will be turned upside down by the basic innovations of telematics. Digital capitalism is greatly shaped by the systematic, market-logical exploitation of information and technologies. The most important basic tendencies of this digital society are the acceleration of processes of all kinds and globalization. They manifest themselves in the rapidly growing economic interdependence and communicative networking. The power of the nation states dwindles, and the cultural dominance of Europe ends (Glotz, 1999: 96). The power in the new digital society lies with half a per cent of asset owners and their employed top management. This ruling class asserts itself against a new army of analysts who sustain digital capitalism. For them, digital capitalism brings a further increase in labour productivity, specifically further acceleration, flexibilization and internationalization of labour (ibid.: 131). The lower classes will be excluded from potential benefits. These include the unemployed, welfare recipients, the homeless, low-income pensioners as well as young people without a training place – the “working poor” – and many women. With the marginalization of losers in the network society, however, the “third tier” of relegated and excluded persons is constantly growing. Glotz feared that the informa-
tion and knowledge gap would be reinforced by digital technologies, that a two-class society would emerge and that this society would additionally be promoted (Glotz, 1999: 227): the development triggered by digitalization would inevitably lead to a division of society into an elite that would willingly participate in the high (working) pace and a new lower class that would feed itself to a large extent from drop-outs and those left behind. It is neither likely nor in sight that this class division can be mitigated by a corresponding technology, media and education policy is, according to Glotz. The market forces are too strong and the social policy alternatives too weak.

The third author to deal with “digital or informational capitalism” was Manuel Castells, a sociologist who teaches in California. According to his 1999 study, *The rise of the network society*, this variant of capitalism is characterized by the fact that, under the revolutionary conditions of the new information technology, the productivity of the economy depends on the production, processing and application of information. This informatization of economy and society takes place globally and facilitates the network society. Out of the crisis of capitalism, an informational, global, hypercapitalist mode of production develops on the basis of new information and communication technologies. Knowledge production, communication and information processing are the most important sources in informational capitalism. Predominantly global companies, including media groups with their corporate networks, are outstanding and at the same time powerful actors in informational capitalism (Castells, 2009).

On the basis of these three authors, the central structural features of digital capitalism can be summarized as follows:

- Information and communication technologies are produced, marketed and exploited as central raw materials, resources and commodities by transnational corporations.
- The way in which the production, distribution and consumption of information and communication technologies are institutionalized on the internet has far-reaching consequences for societal development.
- Digital capitalism is responsible for the continuing dominance and productivity of globalized market economic structures.
- In particular, the world’s leading technology companies are restructuring sluggish capitalism by efficiently and effectively processing knowledge, data, communications and information.
- The productivity of digital capitalism is based on the systematic commodification of new products, services and human labour.
- Commodification has expansive and invasive tendencies, especially in the context of deregulation and privatization.

With the emergence of the so-called “new media”, leading American technology groups have moved into the centre of the debate on digital capitalism. According to
Jody Dean (2005, 2015), a form of informational “communicative capitalism” has developed alongside the long-institutionalized media capitalism. This form of digital capitalism is primarily made possible by the quickly emerging social media, dominated by Facebook. In concrete terms, communicative capitalism refers to “a specific form of late capitalism in which the central values of bourgeois democracy are materialized in networked communication technologies” (ibid.). According to Dean, values and ideals, such as “accessibility, inclusion, open discussion and participation”, are increasingly being displaced by the expropriation and exploitation of communicative processes; capital uses communication for its own purposes. In this reading, social media turn out to be “exploitation networks”. In communicative capitalism, they write the success stories.

Shoshana Zuboff deals more critically with the marketing of data obtained through systematic monitoring as practised by technology companies. Zuboff speaks of a completely new subspecies of capitalism, as the breathtaking profits would come from one-sided monitoring and changing human behaviour. Further, Zuboff (2016) reports an exploitative relationship among big data corporations, because these corporations will transform our data into fabulous profits without being asked. Data about where we are, where we go, how we drive and how we feel about it will be marketed mercilessly. Moreover, in addition to selling the data, the companies are concerned with directly influencing human behaviour: changing it in a certain direction and turning it into business. The chief data scientist of a much-admired Silicon Valley company that develops applications to improve student learning explains it as follows:

“The goal is to change people’s actual behavior. When people use our app, we can capture their behavior, identify good and bad behavior, and develop ways to reward the good and punish the bad. We can test how implementable our clues and instructions are to them and how profitable they are to us. (ibid.)

Surveillance capitalism

According to Zuboff, surveillance capitalism is practised by a few corporations and exploits the almost unregulated cyberspace and the invasive forces of the internet as sources of capital formation and profit maximization. Furthermore, surveillance capitalism exploits the dependent and submissive users of platforms, who are seldom in a position to understand the elaborated approach of the corporations in charge. The rapid accumulation of capital and the rapid institutionalization make surveillance capitalism the standard model of market capitalism. What then is the economic logic of this surveillance capitalism? First, it is the constant search for ever more users, channels, platforms, services, devices, places and spaces for access to data about the current and future behaviour of the people with the greatest purchasing power. It is the users who, free of charge, with more or less effort, make the raw material available to the corporations. Secondly, big data corporations are constantly working on
optimizing their highly developed and exclusive algorithms through the use of artificial intelligence and data science. Thirdly, the companies convert the current data analysis into predictive products to be sold on a meta-market. Fourthly, the more the companies manage to make their products controllable and predictable, the greater the group’s sales and profits will be.

Summarizing the consequences of surveillance capitalism, Zuboff considers the concerted and concentrated attack on the control of human behaviour to represent:

- A threat to the modern liberal order and markets;
- An attack on the principles and practices of self-determination;
- A parasitic form of profit maximization: users are plundered, exploited and enslaved;
- A new dimension of social inequality by redistributing techniques, capital and rights;
- An antidemocratically institutionalized network that operates without democratic control over rights and regulation.

**Platform capitalism**

While Zuboff charges her concept with concentrated criticism, the Canadian social scientist Nick Srnicek (2017) formulates his observations on the transformation of capitalism since the financial crisis 10 years ago far more distantly. For Srnicek, the economy in combination with digital information technologies has produced a capitalism platform, intended to ensure new economic growth and the vitality of classic industrial sectors. With the implementation and dominance of this new business model, new forms of exploitation in the professional field emerge on markets and in new forms of capital accumulation. Srnicek presents five different types of platforms, namely advertising platforms (e.g. Facebook), cloud platforms (e.g. Amazon Web Services (AWS)), industrial platforms (e.g. Microsoft), product platforms (e.g. Spotify) and lean platforms (e.g. Uber). This information, however, appears to be academic, because the platforms of the dominant corporations, above all Amazon, are active in several sectors at the same time. When the author writes that Google and Facebook built the first “data extraction platforms” (ibid.: 64), naming and demarcation seem more random and interchangeable. What remains is the realization that “the platform has become an increasingly dominant form of corporate organization in order to monopolize, extract, analyze, use and sell this data” (ibid.: 88). The most important platforms not only invest in the construction of large infrastructures and in their own entrepreneurial capacities but also buy other up-and-coming companies on a large scale. An analysis of digital capitalism needs to consider the monopolistic tendencies of these platforms, and their effects on the wider economy as well as on society as a whole must be taken into account (ibid.: 92).
This extraordinary position of the leading platforms is a source of economic and political power. However, the quest for more and more data has a dangerous consequence: invasions of privacy are turned into profit, which is logically necessary and a characteristic of the system. According to Srnicek, the data hunger of the platforms means that these companies are constantly expanding their business activities. This leads not only to growing concerns regarding data protection but also to dynamic entrepreneurial expansion. The members of the mighty GAFA group (Google, Amazon, Facebook and Apple) cannot be satisfied with their core businesses but continuously have to expand their data and constantly transfer their extraction apparatus into new areas. However, as the major platforms expand into new markets and areas, the competition will intensify and a more aggressive approach can be expected. Each platform strives for absolute dominance beyond its own core business. As a result, the chances that the possible competition, ranging from the state to alternative platform cooperatives, will be able to challenge the already established monopolies are rapidly decreasing.

The American internet theorist Evgeny Morozov (2017) criticizes this viewpoint and refuses to see digital capitalism as a new form of wealth accumulation. For him, the distinction between digital capitalism and highly financed capitalism makes no sense. He draws attention to the fact that, on the one hand, the technology group Apple is the number one in the private bond business and, on the other hand, the money that flows into the technology economy predominantly comes from banking circles and financial institutions. For example, large sections of the Norwegian population would benefit enormously from the fact that the state asset fund holds so many shares in US technology companies (ibid.: 93). Financial investors, pension funds and sovereign wealth funds expect high returns, enabling the five American companies Apple, Microsoft, Google, Amazon and Facebook to achieve an increase in market value of roughly 950 billion US dollars in the first ten months of 2017 alone (ibid.: 94). Morozov understands the digital economy as a mixture of financial capitalism and technological capitalism and highlights three shortcomings in the current notions of digital capitalism.

First, digital capitalism tends to be presented as something new and unique that has emerged from the technological revolution's immanent development over the past 20 years. This assessment is related to an inability to locate digital capitalism in the overall picture of the crisis of contemporary capitalism. The crisis is presented as salutary: as a solution to all problems that have not yet been solved adequately (ibid.: 97). Secondly, the business model of digital capitalism is considered to be too static. In the case of Google and Facebook, for example, people think that it is ultimately advertising that keeps it going – advertising revenue that then finances a variety of free services. The increasing financialization of the economy has produced a multitude of services using digital technologies and algorithms that can be used cost-effectively by many people. Few highly profitable corporations subsidize and guarantee the growing offer. These corporations combine the provision of these services with the provision
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Of advertising space, which they then sell to third parties (ibid.: 98). For Morozov, a large part of the digital economy, currently secured mainly by the advertising business, will not last in the long run (ibid.: 99). The leading technology groups see themselves as being in a position to consider the transition to a different business model due to the constantly accumulating amounts of data. In all these companies – according to Morozov – services connected with artificial intelligence (AI) will sooner or later take centre stage. Already today, the provision of storage space, computing power or application software via the internet plays an important role for all tech groups. Morozov notes that much higher profit rates can be achieved in this area than with the dominant business model of advertising. As a result, we have to realize that we may already be about to leave the era of primarily advertising-linked digital capitalism. These new dependencies on digital monopoly capitalism were only made possible by the release of huge amounts of financial capital, with the help of state funds. Thirdly, digital capitalism is treated much too sparingly instead of demanding more structural, legislative intervention. We should not be capricious about dealing with data protection problems and the protection of privacy but imagine that, in the future, four American and four Chinese corporations could dominate the entire AI scene. We should take note, Morozov warns, that in 2016 Amazon spent about 13 billion US dollars and Google 11-12 billion US dollars on research and development (ibid.: 102).

Inequality through network power

A few Internet platforms, usually institutionalized as businesses, control the neuralgic interfaces and switches on the internet, and dominate the global markets that have emerged as a result of that control. According to Savary (2017: 23-24), these include e-commerce companies that sell their own or third-party products via the internet and platforms that produce, collect and/or provide information or offer and execute services via the internet, including social networks that bring buyers and sellers together. Such companies are not simply high-turnover commercial enterprises but first and foremost the new super-companies and mega-corporations of digitization, globalization, commercialization and monopolization. They alone dominate platform development and control individual markets, without the state and civil society even coming close to being able or willing to play an active role in shaping the development impulses, consequences and risks emanating from these corporations. How could it happen that a conglomerate of global corporations, small in number but extremely powerful, has been able to influence the economic and social order and constantly change the balance of power in their favour for years? The risks and conflicts arising from the advance of the megacorporations have been apparent for some time now. Before returning to this, let me describe the current state of affairs.

- For Alphabet, the advertising business surrounding the search engine Google, the video service Youtube and millions of websites of partner companies is still a kind of licence to print money. Google Search offers its worldwide clientele
the services of an online search engine free of charge and has them paid for by other customers who are interested in being found or in attracting the attention of searching consumers. In the US, Google Search has a market share of over 80 per cent (Statista, Dec. 2017), followed by Bing and Yahoo, which lag far behind. In Europe, 90 per cent of all search queries are made through Google. In Switzerland, Google Search even has a market share of 94 per cent, followed by Bing (4%) and Yahoo (2%).

- Almost two-thirds of advertising revenues goes to Google or Facebook via smartphones. Google and Facebook account for 70 per cent of internet data traffic. In 2017, Google claimed around 42 per cent and Facebook 21 per cent of the digital advertising market in the US for themselves. These two network giants account for 63 per cent of the digital advertising market. Chinese competitors (Alibaba, Baidu and Tencent) follow with a share of around 10 per cent.

- In 2016 and 2017, Facebook made the biggest profit in its history. In the US, Facebook controls mobile communication services. Around 77 per cent of all conversations take place in the Facebook environment (including Instagram and Whatsapp). According to the advertising company Borrell Associates, Facebook earned around 1.4 billion dollars through political advertisements in the last US election campaign. In North America, every single Facebook user of the approximately 184 million (US and CA) generated around $27 per quarter in 2017, while in Europe 3 times less can be earned per user.

- Amazon Web Services has a market share in the cloud business of around 65 per cent and operates with huge economies of scale, which is why only Microsoft and Google can compete with it. Amazon offers over 100 services that are constantly being expanded. The cloud business accounts for only 10 per cent of the group’s turnover but with the latest quarterly profit of $1.2 billion. The services are so attractive for the customers that enormous dependencies are accepted. In addition, Amazon manages 65 per cent of online book retailing and has become the world’s largest online retailer but is now also operating supermarkets. The trend towards diversification and the establishment of new business areas is continuing. Amazon in particular is expanding old ones and constantly building new ones.

**Unimpeded growth of quasi-monopolies**

After these impressive figures, the aim is to identify some first trends. The four quasi-monopolies GAFA (Google, Amazon, Facebook and Apple) together control almost everything related to online advertising, communication and e-commerce. These companies are growing at a breathtaking pace, with revenue growth of 30-50 per cent and equally high quarterly profit margins. The remaining competition achieves single-digit growth rates at best. The world’s leading companies in the digital business
are not limiting their entrepreneurial activities to individual industries or sectors but are constantly expanding their business areas through investments of their exorbitant earnings and company takeovers; they have such financial strength that they can buy or copy what seems dangerous to them. “Silicon Valley venture capitalists don't believe they can succeed against these platforms. If newcomers nevertheless succeed, they are simply bought up and integrated by the colossuses. There is no free market for social media platforms” (Tagesanzeiger, 2018).

**Unequal power relations**
As a result of these unequal market conditions, the market leader cannot be held in check by competition but constantly expands its dominance through network effects. The entrepreneurial dominance of social media platforms, based on ownership and American dominance in the field of ICT, promotes oligarchization and, consequently, further inequality.

**Highly commercial platforms**
Few social media platforms are controlled by their members or users. Almost all of them are dominated by a single company (regardless of the goals of these organizations). The ownership concentration rate is even higher than in the telecom sector or in the legacy media sector. With the exception of Wikipedia, all companies operate on a highly commercial basis and try to secure their strong economic position politically.

**Structuring through soft power**
At first sight, such platforms offer almost only advantages. They also enjoy great popularity. The hurdles to becoming part of this constantly growing community of old and new friends are extremely small. Within minutes, one is accepted and can take advantage of the services provided without immediate pecuniary consequences. The largest platforms offer a variety of different development opportunities for both active and passive users. Both narcissistic self-promoters and silent observers seem to find enough attention, gratification and distraction to remain on the platforms in the longer term. The platforms offer people new, comparatively non-binding forms of sociability that prove to be suitable for everyday use and enable a specific, measured commitment.

However, it is the respective corporate headquarters that determine the conditions under which access and interactions take place on the platforms, functioning as power structures that are controlled and regulated by entrepreneurs. In addition, the financing follows indirectly and covertly. The almost totalitarian controlled commercial platforms can be regarded as soft power, because they succeed in making their offers and services appear so attractive that a millionfold demand is created. On the other hand, the successful platforms have succeeded in making the associated dependencies seem fair and manageable for users and competitors. The soft power lies precisely in
the fact that millions of people, on a superficial, voluntary basis, declare themselves to be willing to adhere to the rules and structures of the platforms and actively help leave data traces free of charge by means of content and interactions. These traces are then commercially marketed by the platform operators. The sociability institutionalized and recorded by platforms is strongly structured by their business model. The content is exchangeable, and the forums are equally parallel. Nonetheless, the services and content provided allow platform operators to record and process more than 100 characteristics of an individual user (see Stalder, 2015).

On the dominant social platforms, half a dozen businesses decide on the standards, conditions of membership and technical protocols. Entrepreneurial control over the communicative and interactive infrastructure of a particular platform enables monopolization within and between social platforms, the latter mainly on the basis of network effects. With increasing network power, a voluntary retreat becomes more and more unlikely, because the social costs of being excluded rise at the same pace. In that sense, network power has a disciplining effect, both internally and externally. The inequality or dependencies between the platform operator and the platform user could hardly be greater, as demonstrated by the following platform characteristics:

- Unilateral requirements by the owner/management in the form of general terms and conditions.
- Unpaid labour in the form of content of all kinds, specific forms of interaction and – recently – a kind of quality control by users for journalistically produced articles.
- The permanent marketing of all user data traces by the platform owners for their own business activities and those of third parties.

The consequences of such dependencies can be characterized as follows: feelings of powerlessness, of not being able to react and of not knowing one’s own algorithm; feelings of isolation, despite the growing, individually composed “community”; and feelings of exploitation on several levels.

While the apparently free participation in the specifically structured sociability can be criticized as a “free lunch”, the institutionalization of services on the basis of communicative capitalism must be regarded as problematic. This economic and sometimes also political usability of data in the form of human activities can only be carried out and enforced successfully, that is, exploited, because an extremely institutionalized, that is, monopolistic, power differential prevails between the owners of platforms and their users.

Their power is based on the ability to shape the technical conditions that make it possible for users to act in the first place in such a way that the value gained from the activity of users is increased and at the same time the exclusivity in the use of this data is secured. (Stalder, 2015: 47)
For Stalder, the value of data is based on three uses for network action: first, as a possibility to generate income through personalized advertising; second, as a possibility to predict user behaviour with ever-increasing probability; and, third, as a possibility to adjust the parameters of interaction in such a way that preferred behaviour patterns become more likely (ibid.: 47). All these possibilities can be optimized if the networks succeed in monitoring and recording as many human activities as possible in large numbers of specific groups and converting them into data that are processed in centrally controlled infrastructures, provided with added value and hence attractively prepared for customers.

This extreme power imbalance between social network owners and social network users is based on the one-sided control of protocols and standards. The users have to adapt to the standards, protocols, criteria and options or are excluded from access to the platform. This triggers the network effect and expands the monopoly position.

**Leading platforms as the avant garde of digital capitalism?**

Staab and Nachtwey (2016: 64) consider the leading American technology groups as the avant-garde of digital capitalism because they explicitly pursue “programs for transforming production processes, corporate structures and market relations”. The key digital companies orient themselves towards a strategy of disruption and radically question or destabilize the functioning of established markets. On the one hand, the resulting transformation pressure on the working world could result in deinstitutionalization and transformation processes and, on the other, in the emergence of a new social order, which in sum could be suitable for producing a new type of capitalist economy. According to Staab and Nachtwey, these core enterprises of digitalization operate the infrastructure of the internet, determine the digital forms of communication and activities of users and supply software and hardware for digital networking. As central operators of strategic digital networks and as indirect and direct employers of hundreds of thousands of employees, these key companies – according to the thesis of the two authors – shape not only the working conditions of the commercially institutionalized internet but also the central developments in society as a whole, far beyond the digital industry (ibid.: 65).

In digital capitalism, some phenomena can be observed that stem from the second industrial revolution: market power, concentration, monopolization and market control (Staab & Nachtwey, 2016). The main reason for this is that both production (marginal costs tend towards zero) and consumption (specific economies of scale) are affected. In addition, the leading companies are establishing hardware and software structures to cover as many of the user needs as possible. Thus, a few social platforms have succeeded in organizing and channelling a considerable amount of social communication and interaction. However, on the basis of the discourse on digital capitalism, a series of challenges can be formulated as an interim conclusion.
Contrary to many popular representations, the technological and social change within the framework of digital capitalism is not disruptive, since the central structural features have been recognizable and graspable for almost twenty years. Within two decades, platform and surveillance capitalism has catapulted the leading internet corporations to the top of the industrial hierarchy and created new challenges, especially for democratic societies. These challenges include big data, surveillance, commodification, exploitation, data protection, monopolization, market power, a lack of transparency, algorithms and corporate platform and network control without social responsibility. The continuing economic success of internet corporations and platform monopolies, on the one hand, and the continuing political inactivity of federal parliaments and government bodies, on the other, have increased the overall risks and worsened the conditions for increased societal and democratic governance.

Media, platform, net and data policy at the institutional level

When it comes to democratic decision making and coping with the risks and challenges of digital capitalism, that is, when more or less concrete policies should be formulated and developed, an analytical perspective must be chosen that is able to cover more or less all the relevant problems (listed above) related to the emergence of digital media and platform capitalism. Such an analytical framework would ask the following questions:

- Why and in what way do the new platforms or intermediaries pose a challenge to society? How do the new intermediaries differ from the legacy media? In which aspects do they not differ? What is their respective power potential and why is it worrying and for whom? What does all this mean for a future platform or media policy?
- How do nation states try to meet the regulatory and legal challenges described above?
- On the basis of which communication science or media policy research can specific challenges be formulated?
- Which normative concepts can be put forward to formulate a corresponding platform policy (e.g. digital citizenship, internet rights and principles, dynamic coalition, etc.; see Glen, 2018)?

How are “relevant” challenges for science-based policies identified? There are a number of possible building blocks to complement and differentiate the political–economic discourse. In addition to the digital divide research (see van Dijk, 2019), there has long been a research tradition dedicated to the relationship between the internet and democracy in networked, digital capitalism (see van Dijk & Hacker, 2018). The formulation of relevant challenges of digital capitalism might also be based on the scientific debate
on single policies, such as the policy of net neutrality or the media ownership policy. Of course, a review of the policies and regulations that have already been implemented in this area and of the various forms of governance could be undertaken. According to Judit Bayer (in this volume), however, these efforts are still in their infancy (see also Jarren, 2018). In addition, white papers or position papers of political parties, interest groups, national governments and supranational institutions with their respective objectives within the framework of a digital agenda (Digital Agenda for Europe – Driving European growth digitally (COM(2010)245); Digital Agenda for Estonia, etc.) could also be analysed. However, political wish lists and declarations of intent are not often politically meaningful. The same applies to digital manifestos from the scientific community (see e.g. Digital Democracy instead of Data Dictatorship, 2015).

A German communication scientist (Neuberger, 2017) recently proposed to start the analysis from politically and scientifically highly consensual values, namely freedom, equality, integration, security, diversity and the quality of information and discourse, rather than from a theoretical perspective of any kind. This canon of values might be acceptable by a majority of people, and it can certainly be helpful in launching a debate on media, data and platform policy. However, as soon as these values need to be hierarchized and concretized in terms of media and platform policy, fundamental contradictions appear and the conflicting interests of media corporations, platform operators, the state, the political parties, the advertising industry and groups from the civil society become visible. Picard and Pickard (2017) made a similar attempt by agreeing on seven normative, also more or less consensual, principles within the framework of media, data and platform politics and concretizing them through 23 objectives. The 7 selected policy objectives formulated by Picard and Pickard are the following:

1. Meeting the basic communicative and content-related needs of the citizens of a country. The focus is the abstract promotion of media and internet freedom by the state and specifically the promotion of informative and entertaining content in the public interest oriented towards democracy. In addition, market failures should be eliminated and the participation of civil society in the debate on the development of the digital media should be facilitated.

2. Providing effective opportunities/capabilities for public use of media and communications. It calls for the provision of universal access to affordable infrastructures and services based on interoperability and interconnectivity.

3. Promoting diversity and plurality with regard to media and platform ownership and available content. In negative terms, the aim is to prevent growth and abuse of monopolistic media and communication power.

4. Protection for users and society with regard to invasive surveillance, consumer protection, data security, hate speech and depictions of violence.

5. Increased accountability for providers and increased transparency for consumers with regard to services, pricing, data collection, algorithms and ownership.
6. Promoting economic benefits through investment incentives and competition.

7. Promoting participation in public consultation and decision-making processes in media and platform policies.

As long as the interests of civil society appear to be considered sufficiently and no contradictions between the individual seven objectives are explicitly formulated, such sets of objectives are perceived as involving little conflict. On the other hand, these objectives become controversial as soon as the leading and affected stakeholders participate or are able to participate in the actual consultation and decision-making processes. These groups will not only formulate the urgent challenges, risks and dangers from their particular point of view but will also propose specific instruments and regulations to reduce undesirable developments. At the same time, it is also a question of promoting developments that are seen as opportunities for digital capitalism. What is viewed as a risk and what is viewed as an opportunity are highly controversial, as are the instruments themselves and the way in which they are regulated. In addition, the transition from an analogue to a digital media policy has completely overtaxed not only the legacy media but also the extremely fragmented academic world. A comprehensive industrial perspective is completely lacking outside political–economic perspectives. Accordingly, the “regulatory discourse” in individual disciplines is more or less harmless and helpless with regard to the digital media world.

On the basis of the two chapters, a number of challenging questions can be formulated that need to be taken into account when concretizing the digital media policy in Europe. However, weighting and ranking can only be carried out if specificities of national contexts are taken into account. The following basic questions are in the foreground:

1. What place should the classical legacy media, that is, the commercial sector (press, radio and television as well as online media) and the public sector (radio and television as well as possibly online media) occupy in the digital media world?

2. How should the market failure, that is, the growing concentration processes and the abuse of market power in the individual digital media industries (from press publishers to platform operators and infrastructure groups) be countered by the state?

3. In what ways should the state promote or demand journalistic media, media and communication diversity, broadband infrastructures, public information utility, common carriage and services of all kinds within the framework of diverse digital media landscapes? How does the state promote democratically legitimate and journalistically demanding informative and entertaining contributions on the internet?

4. To what extent and in what way should the state be enabled to monitor the digital media or to carry out the monitoring itself?
5. Which tasks should be taken over in which way by the state within the framework of data and consumer protection?

6. What leading or subsidiary role should the state play in data security?

7. What role should the state play in the commercialization of big data analytics?

8. Which labour policy problems should not be left to the traditional social partners but should be regulated politically?

9. How should accountability, transparency, consumer protection and social responsibility be increasingly demanded from stakeholders?

10. How should civil society be increasingly involved in decision-making processes (multi-stakeholder approach)?

An approach that reaches beyond the scientific media and data policy would be to record and analyse media and data policy reporting in up-to-date media with regard to the relevant actors in the policy process. This would be less of a discourse analysis than an inventory of events regarded as relevant to media and data policy coping. At the same time, it is also a matter of validating the latest and most up-to-date scientific and political discourses. This is obvious in so far as the scientific and political discourse often lags behind public, up-to-date headlines.

The focus of criticism in daily reporting on media, data and platform policies is on at least three more or less clearly distinguishable areas or problems, namely the business model (1), the market power of providers of legacy and platform media (2) and the entrepreneurial behaviour of platform providers, especially Facebook (3).

**Disputed business model**

The business model of Google and Facebook is regarded as the most sophisticated of all: it generates the basic material (data) needed to produce services sold on the market (targeted advertising) almost free of charge. Consequently, Facebook’s business model in particular is described as parasitic, with the justification that Facebook owes its corporate value, which is exclusively appropriated by shareholders, primarily to the interactions between users. It is also said that such a business model beats the democracy model, since profit maximization by owners and investors undermines the supportive role of the media and platforms for democracy. The business model of the commercially oriented legacy media is still based on advertising revenues, even though these have been declining for almost 20 years, and has accepted the risk of permanently impairing the self-proclaimed independence. The widespread inability and the almost notorious unwillingness of legacy media companies to adapt the “proven” and “profitable” business model to the new digital capitalism environment are often criticized or met with incomprehension.
Unchallenged market power

Facebook (Instagram, Whatsapp) and Google (Youtube, Gmail) are profit-oriented platforms that can hardly be ignored, because there are no comparable offerings on the market. The market-dominating position strengthens the network effects, consolidates the monopolistic position and leads to profit-maximizing monitoring of corporations (GAFA) that are democratically controlled. The powerful business enterprises pose a threat to democracy, as their market power seems unbroken, despite recent adversities and declining user numbers in the case of Facebook.

Entrepreneurial behaviour of Facebook

In connection with the journalistic scandalization of Facebook in the first months of 2018, a large number of phenomena in the political and media sphere were revealed. Firstly, there are incidents concerning the following keywords: fake news, lies, propaganda (jihadist, fascist), hate speech and disinformation as well as radio and video forgeries. In concrete terms, there is talk of a Russian propaganda battle, and the interference in, and even manipulation of, national elections. Particular criticism targets the so-called filter bubbles produced by companies for commercial reasons. The control measures applied by Facebook in the course of such incidents have sometimes been referred to as censorship. The entrepreneurial, generally non-transparent, procedure for the prophylactic prevention of fake news and distortions of all kinds is met with criticism.

Secondly, the criticism also concerns insufficient or even lacking data protection as well as the misuse of data, for example data sales to third parties and data purchases from third parties. These have been interpreted as “insatiable data hunger” according to a title in the renowned Swiss daily newspaper Neue Zürcher Zeitung (NZZ). Specifically, Facebook has been criticized for sharing user files with the group’s subsidiaries Instagram, Whatsapp, Altas, Onavo, Moves, Oculus, Masquerade and Crowd Tangle. The network group Facebook has been accused of passing on part of its user data to third parties outside the group structure and even receiving data from its clients. In addition, Facebook itself purchases data from data vendors such as Acxiom, Epsilon and Quantum. Fundamental criticism has been levelled at the unknown extent to which data are collected and presumed to be commercialized but also at the lack of security preventing unauthorized access to the data. Lastly, accusations of planned and organized obscurity of entrepreneurial action have been raised.

Thirdly, the relation of dominance between corporate data collectors and their users, which has already been mentioned several times, has also been problematized. There has been talk of a “serious imbalance”. The “exchange” is rather seen as “exploitation” and not worthwhile for the users. In other words, the effort required by the platform operators to provide the services is out of proportion, once the valuable interactions of the users and the revenues of the platforms through “data sales” and “data theft” (stolen, misused, borrowed, hacked or purchased data packages) are taken into account.
Fourthly, the blatant contradiction between social mission and entrepreneurial behaviour has been addressed. Free service for networking all people, that is, “give everyone the power to share anything with anyone” and make the world better (...) we can build the new social infrastructure to create the world we want for future generations) on the one hand, and a radical, ruthless economic libertarian approach (“move fast and break things. Unless you are breaking stuff, you aren’t moving fast enough”) on the other (see Taplin, 2017).

Fifthly, further contradictions are being thematized in the public debate, prototypicaly using Facebook as an example. More specifically, the debate has insinuated a contradiction between the damage that has occurred to the reputation of the company and the extent of quarterly closings. Contrary to market economy rhetoric, no linear connection between the two is discernible and the company is not punished financially to the same extent. In other words, the situation has been summarized in two words: market failure. In addition, Facebook has threatened legacy media with legal steps in the run-up to the publication of unpleasant incidents and, at the same time, made rather inconsequential guilty pleas. The comparatively modest tax burdens and the fantastic corporate profits have also been seen as contradictions of globally active platforms. The complaints concern the fact that the average effective tax rate of digital corporations is not even half that of conventional industrial companies. Finally, a contradiction has been noted between the easy access to the platforms on the one hand and the very extensive and complicated, difficult to understand, general business terms on the other.

Towards an integrated platform, network and data policy?

There is no doubt that communication science has difficulties capturing the prevailing digital development in its technical, factual and “media–political” dimensions. National or global politics also appear to be rather helpless and inhibited. This greatly concerns the fact that the leading companies in the digital industry have long been operating from a position of strength and so far have successfully defended themselves against regulation that is harmful to them. What is more, the activities of technology and platform companies can at best be captured in terms of the telecommunication policy. However, nation states tend to react cautiously in terms of network, data or platform policy or regulation. Some of them expect a boost to their development through digitalization and are even making political efforts to benefit from the entrepreneurial achievements of the platform companies. Of course, this reticence is also based on the widespread belief that individual users act independently, accept specific contractual conditions and do not wait for a state placet.

In any case, it is worth noting that restraints in media policy and digital policy clearly contrast the public demands for comprehensive regulation. Some initial, “soft” regulatory attempts have already been made in Europe, for example the Council of
Europe’s Guidelines on human rights for internet users (2014), the Recommendations of the Committee of Ministers of the Council of Europe to the Member States on internet freedom (2016) and the Recommendations of the Joint Conference of the OSCE and the Council of Europe on internet freedom (2018). In May 2018, the EU’s Data protection basic regulation (2016) entered into force. However, it is not yet possible to make any statements on its effectiveness or its consequences. The only certainty is that there are no cross-sectoral regulations to be found anywhere in the world. In the best-case scenario, approaches in the area of co-regulation and corporate self-regulation can be identified. However, those are fraught with major weaknesses from a democratic perspective. We must expect not only commodification and privatization of regulation and law, in which economic interests dominate the public interest, but also the consequences that state or supra-state regulation and legislation will tend to be prevented in the future. This is despite the fact that the market control is just as weak as the role of civil society users of networks and services. In the daily newspaper reports, there are demands that extend far beyond the ideas of the responsible policy makers. In this way, the “absolutist data octopuses” are to be smashed, expropriated, regulated and/or communitized. There are also demands that have so far hardly made it into the political discourse on networks, platforms and data protection, such as:

- A binding platform–entrepreneurial institutionalization of fact checkers
- Antitrust punishment for abuse by companies with market power
- Organized mass exodus of users
- Development of codes of conduct for online platforms
- Standard of new data protection guidelines for platforms and service providers
- Labelling requirements for social bots
- Transparency rules for online searches
- Full, sovereign and free data control by users
- An enforced catalogue of fines for incriminated entrepreneurial behaviour
- Introducing regulations for algorithmic systems
- Defining a Hippocratic Oath for data scientists
- Transparency obligations of government and industry, public authorities and big data merchants with regard to their handling of data: Which data are used in which way in which systems? Which data are needed to train the artificial intelligence?
- Platforms and data merchants must regularly send their users a type of account statement in which it can be seen which data are used how and how this claim can be rejected. It should also be clear how long the data will be stored.
TOWARDS A POLICY FOR DIGITAL CAPITALISM?

- Obligations to provide information if sensitive data are misused and/or stolen.
- Public financing of alternative, non-commercially oriented search engines and social media is demanded.
- Users are to be granted extensive ownership rights, such as access, transparency, data portability and deletion/forgetting of personal data. This is referred to as informational self-determination, which includes the right to a copy of one’s own data.
- Institutionalization of ethical guidelines in artificial intelligence development.

Without having examined and assessed these publicly formulated demands and expectations, it is apparent that digital platform, network and data policies are still in their infancy. This is no surprise, as the platform is controlled by the company itself and not by the state or any other institution. When the state or the politicians hand over competences to the platforms, this strengthens the institutionalization process of those platforms. The platforms are urged to combat effectively the problems that they have created and if possible to “solve” them. As a result, the nation state will hand over jurisdictional and enforcement powers within the framework of a regulated self-regulation policy regime.

The national network policy on questions of data protection, data security, data transfer, data theft, net neutrality, network censorship, hate speech, fake news and so on is strongly influenced by the strategies and measurements of the commercial platforms themselves. The state, however, insists on compliance with rules that extend beyond the company’s own services. This in turn leads to the highly commercial platforms exhibiting fundamental regulatory aversion as long as they are not able to influence the entrepreneurial result positively. However, it must be borne in mind that the individual nation states are putting different strategies and measures in place to help their specific interests to prevail. This applies in particular to the US, China and Russia.

Countries as well as platforms are affected by this and present themselves as either a perpetrator or a victim. Here, too, it must first be clarified who is willing to assume which role and responsibility, including, of course, civil society or at least parts of it. While the established platforms already have partial cyber sovereignty, this cannot be said of the state and certainly not of the data sovereignty of civil society, something sought above all by the academic sphere (see Helbing et al., 2015).

Economy-liberal states such as Switzerland are holding back in terms of platform, network and/or data policy, in the hope of benefiting the most from digitalization in a politically restrained manner, in the role of free rider. Whether a weak state in terms of network, data and platform policy is, however, in a position to ensure that the infrastructures and services that are important for society are properly regulated in such a way that society as a whole is institutionally safeguarded in the long term and the civil society acquires its rights and duties within the framework of human rights remains highly questionable under the primacy of digital capitalism.
References


