

INTERNET OLIGOPOLY

The Corporate Takeover of
Our Digital World

DIGITAL ACTIVISM AND SOCIETY: POLITICS, ECONOMY AND CULTURE IN NETWORK COMMUNICATION

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INTERNET OLIGOPOLY

The Corporate Takeover of Our Digital World

BY

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CONTENTS

<i>About the Author</i>	ix
<i>Foreword</i>	xi
Introduction	1
The Internet as a Political Issue	3
The Necessary Critique of the Digital Political Economy	6
1. The Commodification of the Internet	15
The Legacy of ARPA	16
A Progressive Project	16
Convergence of Design and Use	17
ARPANET – A Public Good	18
Free Circulation of Information	19
The Information Society and the Post-industrial Economy	20
The Convergence of Neoliberalism and	
Technological Determinism	21
Technology to Overcome the Critiques of Capitalism	22
The Deregulation of Telecom and the Neoliberal Turn	23
The Pioneers: Thatcher and Reagan	24
Deregulation as a Remedy for Recession	25
European Dogma	25
From Counterculture to the Commodification of	
Cyberculture	26
A New Audience for the Networked, Personal	
Computer	27
The WELL, the First Digital Social Network	28

A Platform for Freelance Knowledge Workers	30
The Digerati, Heralds of the Market	31
2. The Privatisation of the Internet	37
Information Highways Leading to Internet Privatisation	37
From Keynesian Stimulus to Deregulation	38
The Limits of Closed Networks	39
Internet Privatisation: An Issue that was Never Questioned	40
Internet Start-up Culture Meets Venture Capital	41
The Birth of Silicon Valley	42
How to Finance Innovative Companies	43
From Advising to Speculating	44
Start-ups: Experiments in Deregulated Labour	45
The 'Irrational Exuberance' of the New Economy and of Convergence	46
The Emergence of the 'New Economy'	47
From Convergence to Concentration	48
Failed Mergers with Big Impact	49
3. The Conditions Leading to the Emergence of the Internet Oligopoly	55
The Internet's Effect on the Information Economy	55
Non-rivalry of Digital Goods	56
Distribution Advantages	58
The Positive Externalities of the Internet	59
Reducing Transaction Costs	59
Winner-take-all Economics	61
Financialisation and Deregulation Benefitting an Oligopoly	63
Regulators Avoid Challenging the Oligopoly	63
Exceptional Financial Power	65
Globalised Companies and Strategies	67
Matrix Management	68
Avoiding Taxes	69
Exploiting Labour: a Pillar of the Oligopoly's Profitability	71

Subcontracting Content Moderators	72
Flexibility, Precariousness and Wage-fixing	73
4. The Oligopoly's Strategies for Integration and Infomediation	83
Infomediation: A key function of the internet	84
Information Brokerage and Coopetition	87
Google and Facebook: Emblematic Infomediarities	89
The Vertical Integration of the Oligopoly	90
Computers and Consumer Electronics	91
Operating Systems	93
The Cloud	93
Networks	94
The Horizontal Concentration of the Internet	96
Communication and Networking Services	97
Access to Information and Online Content	98
Paid Downloads and Streaming	99
5. The Advertising Dominance of the Internet	107
The Critique of Advertising	108
Influence on Public Policy	109
A Two-Sided Market	109
The Audience as a Product	111
Advertising Heteronomy	112
Mass Culture and Advertising	113
The Critique of Advertising Discounted	114
Advertising on the Internet	116
The Internet's 'Original Sin'	117
Advertising 2.0	118
Collecting and Using Users' Data	119
Tracking Methods: Beyond Cookies	119
The Personal Data Market	121
Programmatic Trading	122
Google Advertising	123
Facebook Advertising	126
Resisting and Regulating Online Advertising (or lack thereof)	129

Personal Data: A Political Issue	130
The Impossibility of Democratic Regulation	131
Market Regulation	133
The Blind Spots of the Online Advertising Market	134
Conclusion	145
<i>References</i>	149
<i>Index</i>	165

ABOUT THE AUTHOR

Nikos Smyrniotis is an Associate Professor at the University of Toulouse, France, where he teaches theory, history, sociology and economics of the media and the Internet. Born in Athens, Greece, in 1976, he obtained a PhD in Information and Communication Sciences from the University of Grenoble, France. He has published numerous articles in peer-reviewed journals and book chapters in English, French and Greek and has presented at international conferences on the political economy of communication, digital journalism and the political use of social media.

FOREWORD

In *The Internet Oligopoly: The Corporate Takeover of Our Digital World*, Nikos Smyrnaios advances what is going to prove to be a seminal critique of the digital political economy. The book takes the reader on a journey tracking the commodification of the Internet from the legacy of ARPA, deregulation and the neoliberal turn, to the unquestioned privatisation of the Internet, the birth of Silicon Valley, start-ups and failed mergers. Smyrnaios is a real virtuoso in setting up his critique, and leaves no stone unturned: the conditions for the emergence of the oligopoly, winner-takes-all economics, regulators avoiding any challenge to the oligopoly, the exploitation of digital labour, intermediaries' strategies, Facebook and Google's advertising dominance, personal data as a political issue and the impossibility of democratic regulation.

Smyrnaios identifies four parameters which strengthened the GAFAM (Google, Apple, Facebook, Amazon and Microsoft) to the point of oligopoly: the emergence of a digital information economy, the technological convergence of previously separate sectors (IT, telecom, devices, software, online services), and the financialisation and global deregulation of the economy. GAFAM developed global market platforms, forcing traditional actors in the cultural industries to adapt and serve their owners exclusively, thus making the development of alternatives too difficult.

As quite a few of these oligopolistic actors rely on indirect financing, algorithmic strategies were developed: strategies which exploit their customers by collecting and using data on their identity, socio-demographic characteristics and preferences. Resistance to Google, Amazon and the long-established monopoly-targeting against Microsoft has been brought into sharp focus by the Facebook data breach and Cambridge Analytica scandal. Now the GAFAM problem has come to the fore in the European Union with the General Data Protection Regulation (GDPR), legislation in the United States, United Kingdom and elsewhere. Ultimately, these recent developments justified a decade-long academic scholarship cautioning against oligopoly, deregulation, privatization, privacy, surveillance, censorship, digital labour exploitation and broader issues, stemming from the fact that digital technologies are powerful vectors of neoliberal hegemony.

Within this context, Smyrnaioi illustrates beautifully both the historical emergence of the Internet oligopoly and the theoretical development of the debates it has generated. Real gems in his account include Carmen Hermsillo's experience of the Whole Earth 'Lectronic Link (WELL, founded 1985), who already in 1994, predicted the future of the Internet: 'I began to see that I had commodified myself [...] I created my interior thoughts as a means of production for the corporation that owned the board I was posting to, and that commodity was being sold to other commodity/consumer entities as entertainment. That means that I sold my soul like a tennis shoe and I derived no profit from the sale of my soul'.¹

The mid-1990s are given intense treatment by Smyrnaioi, and he explains forcefully how these years set up the conditions for the oligopoly's emergence: 'This crucial historical moment, in which the state pulled out of managing the Internet, would give birth to the start-up culture as well as financialisation that would lead to the speculative bubble of

the “new economy”. Despite the spectacular bursting of this bubble, this new economy would contribute significantly to the concentration of the telecom and the media, thereby laying the groundwork for the advent of the internet oligopoly’.

The critical issue of the privatization of the Internet was never debated in American society, unlike for other comparable cases, such as the debates over bandwidth allocation or the railway network, and no significant political actor opposed its privatisation and deregulation. As Smyrnaiois explains:

As such, negotiations were dominated by large firms such as telecommunications operators and online service providers. As a result, citizen and user groups which may have opposed it were excluded from the process. This was all the more true because the issue was highly technical, complex, and with future implications that were difficult to predict. In addition, some internet pioneers, including the hacker community, believed cyberspace was a separate universe and thus not subject to the laws of government and the market. And thus it was with a single decision, which seemed to be a mere technical matter, that the fate of the internet changed in April 1995.

When there is political will to fight the GAFAM, as was the case in Europe, especially from the 2013 Snowden revelations onwards, the complexity of the technical and legal transnational issues as well as the GAFAM lobbying proved an impediment to breaking down the oligopoly’s hold on the global market. Indeed, the numbers supporting Smyrnaiois’ argument are staggering:

The GAFAM are in the top twenty companies in the world that spend the most on research and

development for new technologies and products (\$ 11.4 billion for Microsoft, \$ 9.8 for Google, \$ 9.3 for Amazon and \$ 6 for Apple in 2015). These four companies, as well as Facebook, also account for 280 mergers and acquisitions between 2011 and 2015 for a budget of several tens of billions of dollars.

Smyrnaioi demonstrates how vertical integration proves a crucial weapon for the Internet oligopoly, as the oligopoly is present in four subsets and markets that are part of the infomedia infrastructure: operating systems, consumer electronics, telecommunications networks, and data centres, whereby: ‘A close examination of Google, Apple, Facebook, Amazon and Microsoft reveals that they are all well positioned throughout the chain, either through mergers or acquisitions, stock purchases, or exclusive and privileged partnerships with companies that are upstream or downstream of their core business’.

At the heart of GAFAM, tracking methods result in markets where gigantic quantities of information on the profiles and habits of Internet users are constantly bought and sold, and here Smyrnaioi provides a wonderfully detailed account of the workings of the leaders in the tracking market and the fundamental political implications they raise in regards to mass surveillance and freedom of expression, but above all the ability of our societies to produce common goods to benefit everyone without a market goal.

Thus, in this invaluable work, Smyrnaioi solidly concludes his argument: ‘Among intellectuals interested in digital issues, as well as among practitioners and tech-savvy users, there is a collective realisation that the direction taken by the internet is not the right one: increased commodification, the concentration of resources, and ubiquitous surveillance. The internet, under the powerful sway of the oligopoly, increasingly resembles

what it was supposed to oppose, namely, computing as a technology of domination’.

Considering the importance of this work for several disciplines cross-fertilising each other to push the area of platform economics to projects attuned to equality, solidarity and the end of digital labour exploitation and democratic disruption, it is a vital weapon in my own arsenal, and I foresee it to be thus for both our peers and students.

Athina Karatzogianni, Metz, 24 May 2018

NOTE

1. Hermosillo, Carmen (humdog), “pandora’s vox: on community in cyberspace”, 1994, available at https://gist.github.com/kolber/2131643#file-pandoras_vox-mdown