Committee for the Study of Digital Platforms

Politics Subcommittee

Report

July 2019
DISCLAIMER: The purpose of these preliminary reports is to identify what new challenges digital platforms pose to the economic and political structure of our countries. These reports also try to identify the set of possible tools that might address these challenges. Yet, there is potential disagreement among the members of the committees regarding which of these problems is most troubling, which tools might work best, whether some tools will work at all, or even whether the damage some tools might produce is larger than the problem they are trying to fix. Not all committee members agree with the findings or proposals contained in these reports. The purpose of these reports, thus, is not to unanimously provide a perfect list of policy fixes but to identify conceptual problems and solutions and to start an academic discussion from which robust policy recommendations can eventually be drafted.

* The Committee in-person meetings were partially supported by a grant from the Alfred P. Sloan Foundation, whom we also thank for supporting this project
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I. Introduction

Following revelations that foreign agents working on behalf of Russian intelligence sought to manipulate information on several digital media platforms to influence the 2016 US presidential election and the UK Brexit referendum, there has been heightened scrutiny of the political impacts of digital media. While much of that attention has focused on the role of propaganda and misinformation in democratic elections, the impacts are far broader. Social media and Internet search have become a major tool for political mobilization and engagement—for good and for bad. They have the potential to democratize speech by offering platforms to those formerly without voice. At the same time, however, they have been blamed for exacerbating polarization in societies across ideological, partisan, racial, and ethnic lines. The relative anonymity of some social media also facilitates the propagation of hateful ideologies and of political and social harassment.

Of course, social media and search are far from the first information technologies to reshape the political environment. Innovations in communication from the printing press to cable television have profoundly altered the relations between the governor and the governed and transformed capacities for democratic and accountable governance. Yet there are valid concerns that social media and search may be different from the innovations that have come before them. Their massive scale and reach allows a single post to reach millions of users. They facilitate anonymity, which can enable the spread of misinformation and may reduce barriers to harassment and hate speech. They severely degrade the ability of traditional journalistic gatekeepers to control who produces—or is exposed to—political information. The national origins of information can now be almost completely concealed. Of course, earlier innovations had some of these features, but none had all of them. Moreover, these concerns may be exacerbated by network externalities and other market characteristics that push social media platforms towards natural monopoly. So in the end, the technology with the most potential to reshape modern political institutions and outcomes falls under the control of just a few firms, who themselves are enormously powerful political actors. In a more competitive environment, users might vote with their feet against platforms that are overly prone to electoral manipulation and misinformation. But platform monopolization removes the accountability afforded by competition.
The Stigler Center has charged our committee with exploring the political impact of digital media and its most prominent platforms. First, we discuss how digital media platform companies have emerged as uniquely powerful political actors. Here we take a broad definition of digital media which encompasses social media, search engines, and messaging applications, along with other platforms that share similar characteristics, such as Amazon and Uber.¹ We identify several political advantages intrinsic to the network externalities central to their business models. We also discuss advantages associated with some digital platforms but not others. Importantly, the major platforms, such as Facebook and Google, enjoy all of them. Second, we focus not only on the ways in which digital media usage can shape political outcomes. Here we are more focused on social media platforms and search engines.

Our report is divided into three major sections. The first (section 2 below) focuses on digital platforms as political actors with the direct motivation and capacity to influence the public discourse to their advantage.² While political and legal scrutiny of digital platforms is currently high, these firms have a number of formidable political assets at their disposal—assets whose combination is probably unique to these companies. Beyond their sheer size and economic clout, these firms are becoming the pathways through which politicians reach their constituents, protected by First Amendment provisions, shielded by the complexity and opacity of their algorithms and internal policies, and massively connected to users and others that may be politically mobilized. Moreover, digital platforms benefit from the current wave of economic nationalism as home governments support them in the hopes of competitive advantages in digital technology and artificial intelligence.

These political advantages complicate policy remedies in a variety of ways. First and most obviously, these political advantages can be employed to stave off strenuous government oversight and regulation. Moreover, even those regulatory authorities that are created during this period of political weakness may later be captured by the industry when the memories of motivating events such as the 2016 election and Brexit fade. But second, and perhaps most

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¹ By social media, we mean platforms that allow for user-generated content that can be shared—and often annotated—across horizontal networks (Ackland 2013).
² While many of the elements of the power of social media firms are common across political systems, we will focus on their role in the US political system.
importantly, the power of these firms and their control of the very data necessary to facilitate external analysis can allow them to avoid greater public scrutiny.

This leads us to our second section (section 3 below), which maps out the current understanding of how social media and digital platforms impact broader political systems. As platforms such as Facebook, Twitter, YouTube, and others grow in importance as a medium for political debate, so too does their capacity to impact political outcomes more broadly (not only to their advantage). As we discuss in this report, however, our knowledge of the political impacts of social media and search is severely wanting—in part because the platforms control many of the data necessary to independently evaluate the effect on political outcomes, and those data remain proprietary and largely unavailable to researchers and the public at large. Without better access to such information, academia, think tanks, and other civil society organizations are hindered in efforts to hold social media accountable for the possible distortions of our democracy. The role of social media and search platforms as essential political infrastructure also complicates efforts to regulate them, as politicians and political parties will attempt to use those processes to reshape digital regulation for electoral advantage.

Finally, the third and final section of this report (sections 4 and 5 below) builds on this dual diagnosis to study policy options to regulate and reform social media and digital platforms more broadly so as to minimize their negative consequences on the political environment. It does so by first studying the internal incentives for companies to adequately self-regulate and, upon concluding that they are insufficient, addressing a range of other policy options that should be considered to better align these companies with the broader public interest. While many of the reform principles and proposals should apply to many national and international contexts, our focus will be on those policy reforms that might be undertaken in the United States.

II. The Political Economy of Major Social Media Platforms

Any discussion of the political impacts of social media platforms should begin with the political influence and power that emerges from the economic concentration of such a key industry. Absent any other concerns about regulating these platforms, this concentration of political influence alone would be a troubling development for American democracy. But given

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3 https://www.ft.com/content/fbb11010-69d8-11e9-80c7-60ee53e6681d
that we and other working groups identify several areas in which government intervention may be desirable or necessary, the political economy of digital platforms—how they can use their political power to their own advantage—becomes central to addressing the societal concerns around social media. In particular, we are concerned that any reforms designed to address economic concentration, privacy issues, or political manipulation be designed to minimize the possibility that digital platforms will have the ability to block, delay, or undermine them through the use of lobbying and other political strategies. We believe these considerations are extremely important at this juncture—any effective regulatory regime rises from the combination of appropriate tools, justifications, and political will. Following concerns about political manipulation in the 2016 election and the Brexit vote, revelations about the lack of privacy, security and data breaches, and the backlash against Amazon’s approach to its H2Q location, political will to regulate digital platforms may well be at a peak. But regulation has to be able to sustain itself well after the attention of elected politicians and voters is directed elsewhere. In some cases, political incentive compatibility might require ensuring an alignment of incentives between the firm and regulator. But it may also be worth considering certain interventions directed at reducing their political power (subject to First Amendment concerns).

A. The Sources of Political Power

Scholars have long debated the extent to which individual corporations and industries are politically influential. While political scientists and economists tend to predict that concentrated interests win out over more diffuse interests, there have been many instances where concentrated economic power has been checked in favor of the interests of voters and consumers. Yet there are many reasons to believe that the major digital platforms may pose special political risks. In particular, the social media platforms enjoy a unique constellation of structural political advantages that may transform them into some of the most successful political agents of our times: (i) They have the structural power that comes with being a large corporation, (ii) they

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4 Indeed, even companies such as Facebook are now advocating for the need for government regulation. See https://www.washingtonpost.com/opinions/mark-zuckerberg-the-internet-needs-new-rules-lets-start-in-these-four-areas/2019/03/29/9e6f0504-521a-11e9-a3f7-78b7525a8d5f_story.html?utm_term=.f6a6a7317474.

5 Of course, there are policy areas in which the major platforms are likely to be in opposition. In such cases, their individual political influences may be offsetting. However, in many of the key areas discussed in the reports in this project—privacy and antitrust—the platform companies are likely to have shared interests.
have unique financial power and resources to lobby politicians and regulators, (iii) their role as a media outlet allows them to both become an important pathway through which politicians reach their constituents and claim First Amendment protections for proposed regulatory changes, (iv) their complexity and internal opacity complicates the development of effective regulatory tools, (v) their connectivity can allow platforms to directly engage users in challenging political initiatives that disadvantage them, and (vi) their growing importance as leading US exporters allows them to raise “national champion” arguments.

These advantages are discussed in more detail below.

i. Economic power and resources

It has long been recognized that large firms have substantial political clout. Much of this influence arises directly from the economic resources that such firms deploy into politics. Large firms generally organize political action committees that use employee contributions to make direct contributions to political campaigns. Subsequent to the US Supreme Court decision in Citizens United v. Federal Elections Commission, corporations can spend unlimited sums on independent expenditures that advocate the election or defeat of candidates. Large corporations spend even larger sums of money in directly lobbying legislators and regulators. Philanthropy and public relations can be used to create corporate goodwill that provides insulation from political pressure. However, in addition to these direct influences, politicians and regulators may provide favorable treatment to large, structurally important firms so as to avoid politically-costly adverse employment, investment, and growth effects.7

While economic power and resources enhance the political standing of firms in any sector, the economic positions of technology firms are currently large outliers. In May 2018, the five largest firms in the world by market capitalization were Apple, Amazon, Alphabet, Microsoft, and Facebook. Moreover, these firms hold combined cash reserves worth hundreds of billions of dollars, and all deployed substantial resources towards political campaigns and

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6 See Chen (2019) for a recent review of the political impact of business in the US.
7 See Lindblom (1983) and McCarty, Poole, and Rosenthal (2013).
lobbying. In the most recent cycle, Amazon and its employees spent almost $13.5 million on political campaigns, while Microsoft spent $14 million. All together, these five firms spent around $39 million. But campaign contributions is not the area where these firms stand out. Their footprint is much larger in the area of direct lobbying. According to lobbying disclosure reports analyzed by opensecrets.org, Alphabet, Amazon, and Facebook were the first, fifth, and eighth most prolific spenders (respectively) on direct lobbying among American corporations.

Not only is the level of lobbying by the social media companies high, but their lobbying has grown rapidly over the past five years. Figure 1 shows the lobbying expenditure for the major digital media companies since 2013. With the exception of Microsoft, whose expenditure remained level, all of the companies ramped up lobbying expenditures to an extraordinary degree, especially Amazon. The increases in this sector are all the more remarkable in that aggregate lobbying expenditure in the United States has been flat or declining.

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8 Twitter is a much smaller firm which is reflected in its more modest political expenditures. In the 2017–2018 electoral cycle, Twitter contributed just under $300k while spending $1.6 million on lobbying.
9 Because of restrictions on fundraising and contributions by the corporate political action committees, spending by the corporate PACs represents a relatively small share of the total, with the rest coming from employees. But given the income-skew of campaign contributions, it is likely that the bulk of these individual contributions came from high-level executives who would broadly share the firms’ political aims.
10 Among corporate donors, Microsoft, Amazon, and Alphabet are the 11th, 12th, and 18th largest. Facebook and Apple are much further down the list.
11 ATT is number 1 and Comcast is number 4. So five of the top eight are communications companies. The others are major defense contractors.
12 According to opensecrets.org, aggregate lobbying expenditure was $3.42b in 2018 down from a peak of $3.5b in 2009.
Figure 2 displays some additional important information about the lobbying strategies of Alphabet, Amazon, and Facebook. Each figure, generated from the Lobbyview database, shows the flow of money through lobbying representatives (in-house or outside firm), policy issues, and institutional venues. These figures reveal several facets of these firms’ advocacy strategies. First, these firms primarily use in-house lobby firms rather than contracting to outside lobbying firms. This suggests that each has developed a very large sustained institutional presence in Washington DC. Such investments in internal lobbying capacity are typical of heavily regulated industries and those that depend on government procurement. That these firms have

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14 These companies also lobby extensively in the US states and municipalities. Yet due to varying state disclosure requirements and little or no disclosure in corporate reports, less is known about the full extent of these activities than those at the federal level. See https://www.weinberg.udel.edu/lirCiResearchDocuments/2017/02/Corporate-Lobbying-in-the-States-FINAL.pdf.
made such investments suggests the importance they place on avoiding government regulation while obtaining other favorable policies. The second aspect of these firms’ advocacy strategies is the diverse mix of issues. The influence efforts of the media platforms are much more expansive than the domain of information technology, broadly construed. Amazon’s efforts cover a particularly wide swath of policies. In fact, Amazon lobbies more on issues related to aviation, taxation, and trade than it does on technology or the computer industry. Similarly, Facebook is a major player on immigration, while Google is extremely active on consumer product safety, as is Apple on taxation. The third important feature of tech’s lobbying strategy is that it is not exclusively focused on the legislative process. With the exception of Facebook, the tech platforms routinely lobbied executive branch office and regulatory agencies in 2018.\(^\text{15}\) These include those, such as the Federal Trade and Communications Commissions, which might be directly involved in any efforts to regulate the platforms. Thus, the influence of the platforms at the agency level is an important consideration in designing any new regulatory structure.

Of course, campaign and lobbying expenditures are not the only financial resources that these companies bring to bear. Not only is philanthropy an important generator of goodwill, but corporate support of university and think tank research is a more direct source of influence.\(^\text{16}\) Hard data on these expenditures is harder to come by, but the concern was visibly demonstrated in the controversy surrounding allegations that the New America Foundation divested its Open Markets program to placate its major donor, Google.\(^\text{17}\) Another avenue of corporate influence not captured in lobbying reports is the role of these firms in creating express advocacy organizations to lobby for policies that may directly or indirectly benefit the firms. For example, Mark Zuckerberg, in collaboration with other tech industry leaders, founded fwd.us which advocates for immigration reforms that might expand the number of high-skilled immigrants available to work in the tech sector.\(^\text{18}\)

\(^{15}\) Facebook’s lack of executive branch lobbying in 2018 is unusual. In prior years, they were active in lobbying the Departments of Justice and Commerce.

\(^{16}\) For evidence of the impact of such incentives on research in corporate finance, see Zingales (2013). For evidence that philanthropy is a complement of firms’ political strategies, see Bertrand et al. (2018).


Figure 2: 2018 Lobbying Footprint of Major Tech Firms

Lobbying Finance | Methodology

Alphabet Inc. | Google Inc.
Prime Policy Group | Crossroads Strategies LLC
Lugar Helmreich Group | Franklin Square Group, LLC
The Raben Group

Amazon Com Inc.
Amazon Corporate, LLC
Square Patton Boggs
Arm Cupp, Siders, Helmreich & Feld
Capital Tax Partners, LLC
Lugar Helmreich Group
Prominent Lobby Group, LLC
Twinadies Strategies, LLC
Van Ness Feldman, LLC

U.S. Senate
U.S. House of Representatives
U.S. Trade Representative (USTR)
Federal Communications Commission (FCC)
Federal Trade Commission (FTC)
<table>
<thead>
<tr>
<th>Issues Key</th>
<th>Description</th>
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<tbody>
<tr>
<td>AVI</td>
<td>Aviation/aircraft/airlines</td>
</tr>
<tr>
<td>CPI</td>
<td>Computer Industry</td>
</tr>
<tr>
<td>CPT</td>
<td>Copyright, Patent, and Trademark</td>
</tr>
<tr>
<td>CSP</td>
<td>Consumer issues/safety/products</td>
</tr>
<tr>
<td>EDU</td>
<td>Education</td>
</tr>
<tr>
<td>HOM</td>
<td>Homeland Security</td>
</tr>
<tr>
<td>INT</td>
<td>Intelligence and surveillance</td>
</tr>
<tr>
<td>IMM</td>
<td>Immigration</td>
</tr>
<tr>
<td>LAW</td>
<td>Law enforcement/crime/criminal justice</td>
</tr>
<tr>
<td>LBR</td>
<td>Labor issues/Antitrust/Workplace</td>
</tr>
<tr>
<td>MIA</td>
<td>Media (Information and Publishing)</td>
</tr>
<tr>
<td>SCI</td>
<td>Science and Technology</td>
</tr>
<tr>
<td>TAX</td>
<td>Taxation/internal revenue</td>
</tr>
<tr>
<td>TEC</td>
<td>Telecommunications</td>
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<td>TRA</td>
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Unfortunately, political power generated by economic resources is notoriously difficult to control. Lobbying is a protected activity under the First Amendment. The current Supreme Court will protect the rights of corporations to make unlimited independent electoral expenditures, and corporate philanthropy has become a primary source of research funding. These facts have led many scholars and activists to advocate for the aggressive use of antitrust remedies to curb political influence.¹⁹

ii. Role as a Media Outlet

Digital media platforms such as Facebook, Twitter, and Google operate as news aggregators and portals. Thus, not only will these companies be able to avail themselves of certain press protections enshrined in the First Amendment but, more importantly, they are increasingly embodying and controlling the means through which politicians reach their constituents.

Starting with the latter, modern political campaigns are increasingly waged over the internet. The News Media Committee reports how news consumption has moved online thus making digital platforms an important intermediary in news publication. There is also evidence of how political debate is slowly moving online, which we discuss below in the section on political effects of social media.

The problem is that only a handful of companies with political and policy motives control this new “public square.” Thus, we must be concerned that they may use it for their own advantages. It is well known that platforms such as Facebook provide important support to certain political campaigns, something they claim to do “neutrally” although candidates have paid different advertising rates.²⁰ It is also known, however, that shifts in their algorithms and policies can impact outcomes—as shown by changes in Facebook impacting voter turnout.²¹ The

¹⁹ See Khan (2016) and Wu (2018).
²⁰ See https://techcrunch.com/2018/06/11/facebook-says-it-gave-identical-support-to-trump-and-clinton-campaigns/ . One must stress that it is also known that the Trump and Clinton campaigns paid different rates for advertisement on Facebook: https://www.wired.com/story/facebook-trump-clinton-campaign-ad-cpms/ .
²¹ See Bond et al. (2012).
question that imposes itself is: What would be the political implications of these increasingly essential platforms choosing to promote one candidate or idea at the expense of another?

The recent controversy over Facebook barring Senator Elizabeth Warren's ads criticizing Facebook is a potential example of how much power could be exercised. Facebook’s stated rationale for removing the ads was that they violated policies against the use of the Facebook name and logo in ads. However, such a policy clearly serves to make it harder to criticize the company on the platform. In this particular case, Facebook quickly reversed course after public outcry. However, the ability to publish “billions of personal editions” (to use the concept framed by the Media Report) combined with the opacity of proprietary algorithms affords these companies the opportunity to shape political outcomes without any form of public scrutiny. Conservatives have long claimed that platforms are biased against them. Given the current lack of any public data or disclosure obligations, one cannot affirm that these claims are true or false or whether Senator Warren's posts were treated fairly. Even more importantly, politicians who promote regulation against the interests of social media may fear the risk of being subject to some form of opaque discrimination when running for re-election. This media power, here understood as the power to shape the public debate and impact political outcomes, is certainly a barrier against the creation of a coalition capable of regulating digital platforms.

A second challenge, however, is that even if politicians overcome their growing dependency on social media to impose some form of content regulation, it is not clear whether these laws and regulations would be enforceable in the United States as the companies can claim First Amendment protections to certain activities. These rights may be sufficient to challenge approaches aimed at regulating content, such as the strict Network Enforcement Act (NetzDG) adopted by the German government. Indeed, some US courts affirmed that search results,

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23 It is important to stress that this report is not affirming that platforms are biased against conservatives or defending Senator Warren's proposals on tech regulation. The examples are simply used to prove a point on the risk that platforms become non-neutral on their political engagements.
24 This law mandates that social media companies block or remove content that violates one of several laws on hate speech and defamation. https://law.yale.edu/mfia/case-disclosed/germanys-netzdg-and-threat-online-free-speech
among others, are protected from governmental influence by the First Amendment, a move criticized by some scholars as practically insulating platforms.\textsuperscript{25}

The web of protections currently afforded to social media companies goes well beyond those of the First Amendment. They are also protected by provisions such as Section 230 of the Communications Decency Act of 1996, which says, “No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.” The act goes further in that it preempts state laws, and the courts have refused to limit it to Internet service providers. Among other things, this provision immunizes social media platforms from legal liability for hate speech, harassment, and misinformation. Of course, these protections also immunize the platforms in their decisions to block or censor content—potentially at the expense of politicians themselves. But currently, as discussed in the second section of the report, platforms have largely chosen to use a light touch on content moderation, though this appears to be slowly changing.\textsuperscript{26}

The fact that social media platforms have quasi-journalistic functions, such as curation and moderation, may also complicate efforts at regulation for more purely political reasons. Setting aside the economic merits for or against the Comcast/Time Warner merger, Time Warner was able to claim that the Trump Administration had targeted it in retaliation for CNN coverage of the administration. For similar reasons we might expect that any attempts to regulate Facebook, Google, or Twitter would likely be similarly politicized by either advocates or opponents.\textsuperscript{27}

### iii. Complexity


\textsuperscript{27} The potential for such politicization was clearly on display in the recent Senate hearings “Google and Censorship through Search Engines,” in which wildly inflated estimates of the impact of Google on the 2016 election were offered in testimony. See https://www.judiciary.senate.gov/meetings/google-and-censorship-through-search-engines.
Another impediment to successful regulation of the social media companies lies in the complexity of their proprietary algorithms and the privacy of the data they generate. Under conditions of complexity and low transparency, firms will always maintain a large informational advantage over regulators.28 While regulation may strive to increase transparency (indeed we make several such proposals), it seems unlikely that the firms’ informational advantages could ever be eliminated. Moreover, the existence of regulation may give firms less of an incentive for transparency and other internal controls upon which government regulators might build.29 These issues manifest themselves in the human capital available for government regulatory agencies. First, government agencies have to compete for technical talent with the tech firms. Given the much lower salaries available to government employees, the agencies are at a considerable disadvantage. Second, government regulation may depend excessively on “in-and-outers”—regulators who have been employed in the tech sector and hope to return. Such dependencies create two problems. The first is the classic concern of regulatory capture through an implicit quid pro quo where regulators go easy on industry in hopes of securing future employment.30 The second is what James Kwak calls “cultural capture.”31 To the extent to which the tech sector and its regulators draw from the same labor pool, firm executives and regulators are likely to see the world in very similar ways. This in turn reduces the set of policy options to those that seem palatable to the firms.

Finally, complexity implies that there will generally be very little voter interest in many of the fine details of platform regulation. Thus, regulators may face little accountability for their decisions.32

iv. Connectivity

By virtue of their huge bases of customers, social media platforms have direct connections to citizens and voters atypical of other corporations. While other corporations may

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30 A recent study of banking regulation, however, suggests that the effects of such a quid pro quo appear empirically less important than the regulator's human capital disadvantage. See Lucca, Seru, and Trebbi (2014).
31 See Kwak (2013).
32 For this argument applied to the setting of accounting standards, see Rammana (2015).
have millions of customers, few have the ability to directly interact with them or have such sophisticated data on their political preferences. A good example may be the now almost forgotten debates around the Stop Online Piracy Act (SOPA) and the Protect IP Act (PIPA), where coordinated online campaigns led by websites such as Google, Twitter, and many others mobilized millions of users—a Google petition in opposition to the acts quickly drew 4.5 million signatures, while Twitter spurred users to share 2.4 million tweets attacking the bills.33

These powers become even more potent for those platforms that also provide income to millions of self-employed workers. For example, it has been estimated that four million Brazilians earn income through Uber and other service apps—a number 35 times larger than the Post Office, the country’s largest public employer.34 With a large direct stake, such workers are likely to be quite susceptible to mobilization on behalf of the firm. For these reasons, the social media firms more closely resemble powerful membership organizations, such as the National Rifle Association or the AARP, than typical corporations. But technology firms have the capacity to use these connections in much more powerful ways. The data generated by the platforms are already used extensively in mobilization by political parties and social movements. That technology firms could turn their data and algorithms towards mobilizing customers on behalf of the firms’ policy positions is a serious one. In fact, such mobilizations have occurred in several cities in attempts to overturn local transportation and hospitality regulations.35

v. “National Champions”

Finally, just as the American steel and automobile industries responded to international competition by arguing for beneficial policies on “national interest” and security grounds, the technology sector has begun to make similar arguments in response to the success of international competitors such as Alibaba and Tencent.36 American firms argue that the combination of Chinese government support and massive vertical and horizontal integration has

34 See https://economia.estadao.com.br/noticias/geral,aplicativos-como-uber-e-ifood-sao-fonte-de-renda-de-quase-4-milhoes-de-autonomos,70002807079.
36 See https://www.csis.org/analysis/technological-competition-and-china.
given these firms an unfair advantage. In a recent interview, Mark Zuckerberg was asked “There’s been some calls to break up some companies like Facebook or Amazon that become too big. Are you in fear of that in any way?” His response centered on how that would affect competition with China:

I think that the alternative, frankly, is going to be the Chinese companies. If we adopt a stance which is that, “Okay, we’re gonna, as a country, decide that we wanna clip the wings of these companies and make it so that it’s harder for them to operate in different places, where they have to be smaller,” then there are plenty of other companies out there that are willing and able to take the place of the work that we’re doing.\(^\text{37}\)

Such arguments are likely to be repeated throughout any efforts to enforce antitrust provisions when considering breakups or evaluating new mergers. In an era of economic nationalism, these arguments are likely to be potent. The tech firms have also elicited the support of the US government in attempts to stave off tax and regulatory burdens imposed by other states. When France recently passed a 3% “digital tax” on tech company revenues, the United States quickly announced a Section 301 investigation, which could lead to retaliatory actions against French products should the digital tax be found to discriminate against US companies.\(^\text{38}\) A bipartisan letter from the leadership of the Senate Finance committee urged the Treasury Secretary to consider “all available tools under U.S. law to address such targeted and discriminatory taxation.” The US response to the French tax illustrates just how much clout the social media platforms command even during this period of heightened scrutiny of their business models.

**B. Summary**

As we have seen, digital platforms are unique in their ability to influence the political debate. While many industries and interest groups enjoy some of the five main political
advantages, we are unaware of any others that possess all five. Financial and pharmaceutical firms are large and resourced and may appeal to national champion arguments, but they can draw on a narrower set of constitutional claims or have a mobilizable customer base. Among firms, media conglomerates seem to come closest, but they are normally smaller economically, have less customer data, and are less likely to use international competitiveness as an argument for favoritism. It is possible that new, very large conglomerates such as ATT/Time Warner will attain similar powers, but even AT&T reaches fewer users than companies such as Facebook or Google and has much weaker claims to a national champions argument.

The digital media platforms do suffer from some important political disadvantages. First, even as their workforce grows, they directly employ fewer workers than many firms do, and employment tends to be geographically concentrated. While Amazon is a major employer across the country, other tech firms have smaller workforces that tend to concentrated into tech hubs like Silicon Valley.\(^{39}\) And of course, the industry has been weakened politically by the many concerns about their role in the Russian interference in the 2016 US elections as well as elections in other countries. That the industry’s closest political allies were disadvantaged by these events opens the window for bipartisan reform coalitions that might not exist during normal times.\(^{40}\)

### III. The Political Effects of Social Media

Having previously outlined how digital platforms may operate as political actors, this section reviews the current academic understanding of how platforms affect the broader political system. In a recent report for the Kofi Annan Foundation, Nathaniel Persily highlighted the defining characteristics of the new communication revolution, by which he means the information environment generated by the rise of the internet and social media platforms. These included the *velocity* at which information can spread, the rising importance of *virality* in guiding the production of information, the opportunity for *anonymity* on the part of providers of information, and the possible emergence of *homophilous* communities that themselves can

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\(^{39}\) As mentioned earlier, platforms in the share economy have millions of de facto employees spread throughout many jurisdictions.

\(^{40}\) However, the US response to the French digital tax suggests that the platforms have not been weakened that much.
become major providers of information to their members. All of these characteristics flow from the key features of what has often been called Web 2.0: user-produced content that can be annotated and shared across horizontal networks. Echoing our analysis of the previous section, Persily also notes the unprecedented monopolistic potential of the two leading social media companies—Facebook and Google—as well as the extent to which their international position presents challenges to the sovereignty of individual nations.

The political implications of the rise of social media are related to both the characteristics of the new communication revolution as well as the concerns about the role of media platforms as political actors. Consequently, our report covers both of these concerns and argues that they are tightly related. In considering the political impacts of social media, we argue that social media platforms have a number of features that could directly affect political behavior and engagement while also generating opportunities that other political agents may exploit both for good and for ill. While the analogy is imperfect, these features are generated in much the same way as classic economic externalities. First, the political impacts are mostly tangential to the platforms’ business models, which are focused primarily on maximizing digital advertising revenue. Thus, the platforms have very little private incentive to take actions that eliminate or manage the impact of their products on political outcomes. Second, for the overwhelming majority of users, political engagement is not a primary or even secondary reason for engaging with a media platform. As a result, most users lack any incentive to police the platform policies which may generate political side-effects. And those consumers that do care will face tremendous collective action problems compounded by the large degree of user concentration and monopolization of the platforms. So as in the case of classic externalities, democratic opportunities and outcomes of millions of third parties may be affected by the policies of the platforms and the behavior of users.

In this section, we consider six potential political consequences of the widespread use of social media: reduced costs to political mobilization, increased levels of political engagement, reduced power of traditional media gatekeepers, the rise of political polarization, the ability of

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41 See Persily (2019).
42 See Ackland (2013).
43 See Guess, Munger, Nagler & Tucker (2019).
malicious actors to manipulate information, and the increased opportunity for the use of harmful speech. While we order these from those that seem to have the most positive net benefits for society writ large to those with the most negative effects, it is important to recognize that complex relationships are at work. Indeed, we use the term “potential” in describing many of these categories because scholars are not yet sure about the overall net impact of social media in many of these cases—largely because the lack of access to proprietary data hinders high-quality, independent academic research. So it is perhaps best to think of this list as summarizing what is most frequently discussed—as well as what we currently know—about the consequences of social media usage for politics.

A. Political Mobilization

While perhaps difficult to remember today, social media first burst onto the collective political consciousness as what Larry Diamond termed “Liberation Technology.” Social media would help spread democracy across the globe by giving democratic oppositions the opportunity to enjoy the fruits of a communication tool outside of the control of authoritarian regimes. To give a key example, social media have repeatedly been lauded for facilitating the organization of protests in authoritarian regimes. Social media can be harnessed to connect prospective democratic opponents of the regime, to plan protests, to spread information about protests in real time, and to keep networks of protesters connected after the physical protests have concluded. Social media have been posited to lower both the real and perceived costs of participating in protest against oppressive regimes. The real costs are lowered not only by making access to information about protests and protest movements easier to acquire, but also by decreasing the costs associated with sharing information with large numbers of people. Uncertainties such as the possibility of showing up for a protest with few other fellow protesters or that of facing police action and physical harm when protesting can also be decreased by social media, which allows would-be protesters to gauge the popularity of the regime and the reservoir of support for nascent opposition movements. Social media also allow regime opponents to accumulate

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44 See Diamond (2012).
46 See Cantoni et al. (2017) for counter-evidence that people might actually stay away from protests when they learn large numbers of people are planning on attending.
information in real time about police activity, violence, and safety. The Ukrainian Euromaidan protests, which eventually led to a regime change, famously began with a post on Facebook noting that if at least 1000 users “liked” the post, all those users would all join a protest the following day.47 The role of social media in the events that came to be known as the “Arab Spring” is also well documented.48

While originally touted as a tool for organizing in closed societies where democratic activists were shut out of more traditional forms of media, the lure of social media as a tool for political mobilizations quickly became apparent in more open societies as well.49 Perhaps the most dramatic example is the original Women’s March in the United States in January 2017, which grew out of a Facebook post from “a grandmother in Hawaii.” Indeed, today it is difficult to find an example of a significant protest event anywhere that does not have a social media component. Nevertheless, there has been pushback against the idea that social media inherently facilitates protest behavior. Most prominently, Evgeny Morozov has argued that information technology can be just as useful to oppressive regimes looking to stifle dissent. Others doubt that the benefits for grassroots action are real; Malcolm Gladwell’s “Slacktivist” argument posits that social media gives people the false belief that they can participate in a movement simply by clicking “like” on a protest post, without having to engage in the relatively more costly activity of offline protesting or movement building.50 This in turn has led to counterarguments about the value of the “weak ties” observed in social media networks for political participation,51 the role that peripheral members of online networks can play in spreading information about protests,52 and evidence of the tighter online networks among protesters as opposed to comparable groups of non-protesters.53

**B. Political Engagement**

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47 See Metzger and Tucker (2017).
48 See Howard and Hussain (2013).
49 See González-Bailón et al. (2011).
50 See Gladwell (2010).
51 See Bennet and Segerberg (2012).
52 See Barberá et al. (2015).
53 See Larson et al. (2019).
Social media platforms may also foster many other forms of political and social engagement by lowering the costs of participation and ameliorating collective action problems. Indeed, the original proponents of “e-government” touted the Internet as a force that would bring the rulers closer to the ruled by creating a common space in which both could communicate with one another.\textsuperscript{54} Such communication has often come from the top down, effectively allowing elites to communicate with masses without having to work through the press (e.g., Alexandria Ocasio-Cortez) or by using social media to dictate press coverage (e.g., Donald Trump). There are, however, instances of politicians engaging in two-way conversations with their constituents on social media (e.g., Senator Cory Booker). Indeed, elites have embraced social media as a tool for direct communication with the public in both democratic and non-democratic regimes.\textsuperscript{55}

Social media have also been shown to be a powerful tool for encouraging the most common form of political engagement: voting. A 61-million-person experiment in the 2010 US national election presented users of Facebook with a banner reminding them of Election Day, showed them some information about friends’ behavior on Facebook, and then provided the opportunity to note on Facebook that they had voted and to seek out more information about how to vote. The result was that not only did exposure to the banner have a direct effect on the respondent in question, it also had indirect effects on friends of people exposed to the banner. Nor was this effect limited to online behavior: The researchers also observed an increase in actual voter turnout.\textsuperscript{56} The same features that make social media such powerful tools for organizing protests also should allow it to be used for organizing other forms of civic activism, including voter registration drives and get-out-the-vote campaigns.\textsuperscript{57} Of course, the question has emerged whether the same tool that was used to encourage voter participation can now be used to suppress voter participation or to target a given political outcome.\textsuperscript{58}

C. Limiting Power of Information Gatekeepers

\textsuperscript{54} See Gil-Garcia et al. (2005).
\textsuperscript{55} See Barberá et al. (2018), Neblo, Easterling, and Lazer (2018), and Siegel et al. (2019).
\textsuperscript{56} See Bond et al. (2012).
\textsuperscript{57} See Aldrich et al. (2016).
\textsuperscript{58} See Bradshaw and Howard (2018) and Tucker et al. (2018).
The defining feature of social media is that user-generated content can be spread horizontally through peer-to-peer networks. Putting aside concerns about the quality of the content, this represents an obviously dramatic change from previous eras when information about politics came top-down from media companies in the form of newspapers, magazines, radio, and television. Thus, social media can give voice to actors who previously did not have access to mainstream media, and undoubtedly these platforms democratize access to information. As discussed previously with respect to authoritarian regimes, these features mean that pro-democratic voices that would normally be excluded from state-controlled press and television now have a platform for publishing and distributing political news and information. But even in the context of democratic political systems, the diminished role of gatekeepers means that marginalized communities that may previously not have had a real voice within mainstream media can now be heard. Prime examples include the Black Lives Matter and Occupy Wall Street movements in the United States and the Indignados movement in Spain. Further, despite the received wisdom that social media puts users in a political bubble, there is growing evidence that simply the experience of consuming news via social media—accessing news stories one at a time from different sources, as opposed to watching a television broadcast or reading a newspaper—can actually lead to increased exposure to cross-cutting political views. Of course, limiting the power of gatekeepers also means that it is harder to prevent the spread of inaccurate information and uncivil speech, topics to which we turn in the following sections.

**D. Political Polarization and Manipulation of Information**

The widespread use of social media platforms has also been linked to two related negative effects: growth in political polarization and the manipulation of information. By political polarization, critics typically refer to increasing levels of outgroup dislike—and in-group favoritism—at an emotional or gut level, or what political scientists refer to as “affective
polarization.” Information manipulation covers a range of phenomena, most commonly the spread of online misinformation, disinformation, and “fake news.” Since false or misleading content is often tailored specifically to appeal to people’s political prejudices, the “demand” for online misinformation has been linked to the rise of partisan polarization in the mass public. As we will see, the extent to which either of these phenomena are caused or exacerbated by social media remains a matter of lively debate. Still, it is important to clarify the mechanisms by which unplanned encounters with socially shared information—due to network ties, targeted advertising, algorithmic personalization, or some combination of the three—could lead to increased levels of polarization and misinformation. In the case of misinformation, people’s ability to costlessly share content that they find compelling or agreeable can transform seemingly unconnected individual behaviors on social media into unpredictable cascades of viral propaganda. The resulting fog of half-truths can inflame discourse and monopolize the limited capacity of information intermediaries. These possibly unintended byproducts interact with mass polarization by further skewing perceptions of the other side. When the most visible actors are the most extreme, and when information architectures flatten and decontextualize social interactions, reinforcing spirals of misinformation and distrust may become more likely.

Thus perhaps one of the most frequently asked questions about social media platforms is whether their use is polarizing society. A longstanding concern is that the internet enables people to choose sources of information that confirm their preexisting biases. In the case of social media, people may also choose to exclusively interact with others who share their worldview. When people self-select in this way, social pressure toward homogeneity can produce polarization and extremism. Finally, algorithms designed to learn people’s preferences can reinforce these tendencies to create a feedback loop. Thus, platforms that give people unprecedented freedom to encounter information and seek out social connections may—

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62 See Iyenger et al. (2012) for an overview.
63 See Ahler & Sood (2018), Lelkes, Sood & Iyenger (2017), and Suhay et al. (2018).
64 User self-selection into “echo chambers” represents a classic collective dilemma. Each user may enhance her own personal satisfaction by engaging only with confirmatory information. Yet there may be a collective harm to political deliberation if many such users engage in such behavior. So any rationale for making self-selection harder depends on whether researchers can establish that the collective harm justifies regulation of individual choice.
65 See Jiang et al. (2019).
inadvertently or not—contribute to the segmentation of society along partisan and other social identity-related lines.66

While the logic underlying these dynamics is well understood, evidence on these points continues to be mixed. One recent study focusing on the United States found that the greatest increase in polarization over the past 20 years occurred among the oldest age group—those least likely to be online during that period.67 At the same time, fairly credible evidence has emerged linking the rollout of partisan-leaning cable news networks—whose audiences skew older—and voting patterns. Taken together, these studies raise the possibility that rising levels of polarization owe more to traditional media than to new communication technologies.68 But these macro-level analyses may not tell the whole story. Recent controlled experiments found that encountering ideological tweets from the other side can cause people to become more polarized, and suspending Facebook use for a month caused people to become less polarized.69

How can both sets of findings be true? It’s important to remember that research is still accumulating regarding the effects of social media on politics and society. But studies conducted to date make several points clear. First, most people are not on Twitter, the social network that has generally been the focus of empirical scrutiny. Although influential actors and important conversations may occur on Twitter regularly, most citizens will not encounter links or messages there—at least not directly.70 Second, even for those who are on Twitter, many of these users are likely rarely engaging with political content. Once we concentrate on the subset of people who participate in online conversations or interact frequently with political information on social media, we are already looking at a group that is quite different from the rest of the population: more ideological, more politically knowledgeable, and more likely to participate in political activity. The visibility of such actors may very well influence the generalizations people tend to make about social media as a whole and their effects. And third, even if social media can

69 See Bail et al. (2018) and Alcott, Braghieri et al. (N.d.).
70 According to studies by the Pew Research Center, only 22% of US adults report ever using Twitter, compared to 74% and 69% for YouTube and Facebook. See https://www.pewresearch.org/fact-tank/2019/04/10/share-of-u-s-adults-using-social-media-including-facebook-is-mostly-unchanged-since-2018/.
drive polarization, there are other ways in which the structure of online networked interactions can simultaneously encourage the opposite. A number of studies have documented that people regularly encounter challenging information, even if by accident, via mechanisms such as “weak ties”—acquaintances or friends of friends whose views might go unnoticed in offline environments. Finally, there is little reason to believe that the effects should be the same across a wide variety of platforms. Ultimate conclusions must therefore wait for similar research to be done on a wider variety of platforms.

Beyond the question of the extent of homophily in online networks, much remains to be learned about the producers of online disinformation and the precise mechanisms that encourage its spread on social platforms. Given the evidence so far, popular narratives about the dangers of “fake news” tend to overemphasize its effects on people’s political decisions, such as whether or for whom to vote. Researchers have generally found that online misinformation is not prevalent enough in most people’s social media feeds to make a measurable difference in these outcomes. On the other hand, there is not nearly enough focus on hypothesized negative externalities that are harder to quantify, such as the distortion of public debates about critical policy issues and the possibility of losing consensus on a shared set of facts upon which to base disagreements.

E. Harmful Speech

The spread of harmful speech—including incivility, harassment, and hate speech—is another negative consequence of social media. From racially motivated harassment campaigns targeting journalists on Twitter to calls for ethnic violence on Facebook, harmful online speech has received increased attention from academics and policymakers alike. Fearing that online rhetoric is mobilizing offline violence and extremism, governments are passing regulation to compel social media companies to ban harmful content. However, despite increased public and scientific attention to harmful speech, definitions remain murky and systematic measurement is

71 See Guess (2018), Barberá (2015), and Eady et al. (2019).
72 See Guess, Nyhan & Reifler (N.d.) and Grinberg et al. (2019). It is worth noting, however, that much of the research has been limited to a subset of misinformation, namely, fake news domains. Thus, we lack a measure of the broader fraction of content that is misinformation.
rare, in large part due to lack of access to reliable data.\textsuperscript{73} As a result, our knowledge of the causes, prevalence, and offline consequences of this content remain limited. However, by exploring the range of harmful language that has proliferated online and clarifying the mechanisms by which social media might facilitate its spread and amplify its impact, we can better understand harmful speech, as well as how to best combat it.

Harmful speech is an umbrella term for behaviors—spanning a range of instigators, targets, motives, tactics, and media—that cause harm. It ranges from speech that incites violence or criminal acts to speech that is “merely” offensive. It includes actions carried out by individuals as well as coordinated mob attacks, involving both those who know their targets and those who do not. Outcome-based definitions of harmful speech focus on the harm experienced by its targets, while other definitions examine the intent of the speaker or the content of the speech. Some of the most commonly cited forms of harmful speech on online platforms are incivility, harassment, hate speech, and extremist content.

Incivility is difficult to define, but recent work has developed a nuanced approach which encompasses contempt (e.g., name calling), threats, partisan vitriol, profanity, speech devaluation (e.g., calling someone a liar), and seditious language (e.g., calling someone a traitor).\textsuperscript{74} Survey data suggests that social media users are regularly exposed to incivility online. Moreover, recent empirical work on Facebook and Twitter supports anecdotal evidence that social media platforms are rife with uncivil speech. Uncivil language is highly prevalent in political discourse, comprising a large proportion of comments on European and US politicians’ Facebook pages and tweets.\textsuperscript{75} Although individuals in surveys report feeling fatigued and demoralized by exposure to uncivil messages online,\textsuperscript{76} such content receives high levels of

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\textsuperscript{73} See Faris (2016).
\textsuperscript{74} Recent work on incivility described here includes Barberá et al. (2018), Timm and Barbara (2018), Suhay at al. (2018), Theocharis et al. (2016), and Kwan and Gruzd (2017).
\textsuperscript{75} In another interesting study, The Guardian policed more than 70 million comments it received on news reports over ten years, discovering that harassment targeted women and minorities. Out of the ten most abused writers, eight were women and two were black men. All ten least abused writers were white men—see https://www.theguardian.com/technology/2016/apr/12/the-dark-side-of-guardian-comments.
\textsuperscript{76} See Hinduja and Patchin (2007).
\end{flushright}
engagement.\textsuperscript{77} This may beget a cycle of incivility that discourages certain citizens from participating in political discourse.\textsuperscript{78}

More severe than online incivility, online harassment is defined as unwanted contact that uses digital means to create an intimidating, annoying, frightening, or hostile environment for the target.\textsuperscript{79} This involves a range of tactics including doxing, revenge porn, and explicit threats that make individuals fear for their immediate safety. Women and minorities are often the targets of harassment on social media platforms. Research suggests that online harassment demoralizes its victims and emboldens perpetrators, encouraging them to repeat such behavior.\textsuperscript{80} While there is little empirical evidence of how widespread online harassment has become on social media, racially motivated, misogynistic, and anti-Semitic harassment of well-known journalists and celebrities have amplified its visibility.\textsuperscript{81}

Often overlapping with harassment, online hate speech is most commonly understood as bias-motivated, hostile, and malicious language targeted at a person or group because of their actual or perceived innate characteristics.\textsuperscript{82} While systematic empirical work exploring the prevalence of different types of online hate speech across social media platforms is quite rare, existing research suggests that—counter to popular journalistic narratives—it may represent only a fraction of a percentage point of overall posts on sites like Facebook and Twitter. However rare, online hate speech can have severe offline consequences. Survey data indicates that online hate speech negatively impacts the psychological well-being of individuals who are exposed to it, and can damage intergroup relations. Compelling causal empirical evidence also suggests that online hate speech can incite people to violence.\textsuperscript{83} Indeed it may be playing a particularly devastating role in fueling attacks on immigrants, refugees, and other vulnerable populations. Moreover, hate speech is frequently used by extremist groups—from white nationalists to

\textsuperscript{77} See Klubicka and Fernandez (2018).
\textsuperscript{78} See Henson et al. (2013).
\textsuperscript{79} For definitions of online harassment, see Lenhart et al. (2016).
\textsuperscript{80} See Hensen et al. (2013) and Hinduja and Patchin (2007).
\textsuperscript{81} For evidence of the targets and consequences of online harassment described here, see Munger (2017), Kennedy and Taylor (2010), Mantilla (2013), Hinduja and Patchin (2007), and Banks (2016).
\textsuperscript{82} For a discussion of defining hate speech see Cohen-Almagor (2011) and Sellars (2016). For work on the relative rarity of online hate speech see Gagliardone et al. (2016) and Siegel et al. (2019).
\textsuperscript{83} See Tynes (2008), Muller and Schwarz (2017), and Chan et al. (2015).
members of the Islamic State—to propagate their messages and lure recruits. Thus, in addition to potentially inciting hate crimes and exacerbating intergroup tensions, online hate speech may also bolster extremists groups’ ability to fundraise and expand their reach.

What are the mechanisms by which social media facilitates the spread of harmful speech? First, social media platforms provide social distance and anonymity (although these characteristics vary by platform). The absence of face-to-face contact and the anonymity of online communication enables people to engage in harassment or express uncivil, hateful, or extreme opinions without tangible consequences. This may lead perpetrators of harmful speech to believe that “normal” rules of social engagement do not apply online. This is true both of everyday social media users and trolls, who mask their identities and strategically engage in uncivil discourse, harassment, and hate speech in order to spark reactions and gain attention.

Second, the amplifying nature of social media platforms gives heightened visibility to harmful speech. As studies of uncivil speech demonstrate, although individuals report frustration with viewing such content online, it actually receives more engagement in political discourse than civil language. This heightened engagement means that uncivil content may then be amplified by the platforms’ algorithms, though more research is needed to test this hypothesis systematically. Social media sites also enable hate groups and extremists to be more visible in the digital realm. Although platforms are now cracking down on their activities, hate groups and extremists have operated openly on mainstream social media sites. For example, Richard Spencer, who organized the “Unite the Right” alt-right Charlottesville rally, had over 75,000 followers and was verified by Twitter up until November, 2017.

Recognizing the power of mainstream social media platforms to magnify their voices, “digital mobs” have engaged in coordinated harassment campaigns, as well as anti-Semitic and racially motivated attacks on Twitter. These attacks, which often target well-known journalists or celebrities, may lead the followers of influential accounts to be incidentally exposed to hate

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84 See Siegel and Tucker (2018) and Siegel et al. (nd).
85 For studies of the connection between anonymity and harmful speech, see: Cohen-Almagor (2017), Munger (2017), Citron (2014), Delgado and Stefancic (2014), and Postmes et al. (2001).
86 For research on the amplifying nature of social media platforms for harmful speech, see Mariconti et al. (2018), Chess and Shaw (2015), and Kumar et al. (2018).
speech or harassment. After gaining heightened online visibility, harmful speech often receives offline media coverage as well, and this hybrid media system draws even more attention to incivility, harassment, hate speech, and extremism, intensifying their negative effects.

Finally, the networked structure of social media means that individuals who seek out harmful online content may find themselves immersed in online echo chambers devoted to fringe ideologies where harmful speech is normalized and encouraged. As platforms ban extremist and hateful content, one unintended consequence is that banned users may congregate on specialized platforms where their speech is permitted. In these silos of harmful speech, individuals may be radicalized and ultimately may be more likely to perpetrate acts of offline violence. Thus as governments and platforms work to regulate the most egregious forms of harmful speech on mainstream platforms, this effort may push fringe users into more dangerous and destructive online spaces.

F. Summary

As we have reviewed, the rise of social media has impacted the political arena in many important ways. While it has multiplied the venues for political debates and empowered users, it has also enabled a range of negative behaviors that adversely impact our society. It is important to stress, however, that we currently have only a very limited understanding of all these phenomena. The opacity of digital platforms combined with the restricted access to proprietary and user data greatly impairs independent academic research on the topic. It is not coincidence that most research on hate speech, misinformation, and related topics relies primarily on Twitter data, the most publicly accessible data of any major social media platform.

Therefore, any attempt to properly understand how social media platforms are impacting the political environment necessarily requires better access to data—a point stressed below in the recommendations section.

IV. Reforming the Social Media Platforms

87 For studies of how social media echo chambers foster harmful speech, see Daniels (2017), Magdy et al. (2016), Costello and Hawdon (2018), Marwick and Lewis (2017), and Zannettou et al. (2018).
As discussed earlier, the political consequences of social media bear some important similarities with classic economic externalities in that they are generated in large part as by-products of non-political users connecting on platforms that were designed with non-political aims. If one were to take the externality analogy seriously, it suggests a possible set of solutions. In the standard case of externalities generated by transaction costs or unclear property rights, a central authority can prohibit or tax behaviors with negative externalities. In principle, such authority might be exercised by government agencies or by collective agreements among industry actors to create a private regulator.

But we might also consider whether the political impacts of social media can be internalized by firms or disciplined by the market so that government regulation is unnecessary. In making such assessments, it is worth remembering that new communications technologies have often been as politically and socially disrupting as digital media. Consider the printing press. It too increased velocity, virality, and homophily. Yet these features did not in themselves require central regulation (at least within democratic societies).

The key difference between social media and the printing press lies in the differences in economic organization. The productive scale of a single printing press is quite limited. Thus, competition among presses quickly emerged in ways that contributed to political pluralism and democracy as a by-product. But as demonstrated by the Market Structure Committee, social media platforms have a strong tendency toward monopolization of their specific markets. Thus, the political effects of social media will be determined by the policies of a few firms in a very uncompetitive environment. The current situation is parallel to one where the printing press technology was controlled by a single producer, who could turn off and on any printing press in the world. So the situation of social media platforms is much more analogous to that of broadcast television and radio. Early on it was recognized that the scarcity of the broadcast spectrum generated the need to regulate in ways that ensured political pluralism. Thus, governments

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88 This scarcity was a major point in the Supreme Court case Red Lion Broadcasting Co. v. FCC, 395 U.S. 367 (1969), which upheld the “fairness doctrine” for broadcasters. Thus, the lack of scarcity in the digital space may pose legal impediments to building upon the precedents of radio and television regulation.
issued licenses, put restrictions on how those licenses could be used, and subjected broadcasters to regulatory oversight.\(^8^9\)

Yet there are arguments that suggest that the problems related to social media, like the printing press, can be adequately addressed by self-regulation. It has been argued that individual are reasonably discriminating consumers of information;\(^9^0\) that the social mediation of content is not very consequential; and that virality is a very rare phenomenon that is most often driven by the mainstream media.\(^9^1\) It has also been argued that harassment and misinformation may be controllable because (1) they are driven by a few high volume (and thus detectable) bad apples,\(^9^2\) (2) some tweaks to platform affordances would provide more tools to individuals to evade trolls (e.g., by excluding them from discussion threads), and (3) the possible loss of user engagement provides ample incentive for the platforms to appropriately moderate content. Finally, some scholars argue in favor of a flexible self-regulatory approach that is based on articulation of general principles and good practices and that involves third party certification and management-based regulation.\(^9^3\)

We, however, have three concerns about arguments in favor of self-regulation and market discipline. First, as the Market Structure Committee points out, the major social media platforms operate in very concentrated markets. There are few good substitutes for Facebook social networking or Google searching. Thus, users who disapprove of the platform’s speech policies or negative political impacts have limited alternatives. It is doubtful that the number of users who might stop using Facebook or Google would create a large enough financial incentive for the platforms to take the costly actions required to stem the departures. Moreover, it is unlikely that new platforms can emerge that offer true alternatives on issues like privacy and speech moderation. The lack of competition also means that the platforms may be less concerned with maintaining brand images in the way that, for example, Coke, Pepsi, or Nike might be. Such consumer-oriented firms in competitive environments are often quite responsive to social

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\(^8^9\) Of course, some governments went much further into the realm of actual censorship, which is something we do not advocate.
\(^9^0\) See Pennycook and Rand (2019).
\(^9^1\) See Goel et al. (2015) and Riedl et al. (2018).
\(^9^2\) See Grinberg et al. (2019); and Guess, Nagler, and Tucker (2019).
concerns about their corporate practices for fear of lost sales and boycotts. But boycotts work
best when there are alternatives for consumers, and in social media there are few.94

The second concern is that policies and practices of social media platforms are not very
transparent. And without adequate independent research, the implications of these policies are
not known. Thus, it is beyond the capacity not only of regular consumers but also of watchdog
groups to verify whether the social media firms are adhering to their states’ self-regulatory aims.
This problem is exacerbated by the fact that many political communications are targeted. Thus,
most users may never see the politically harmful content.95 While the social media platforms
may attempt to create oversight boards, the independence of those boards may be questioned.
Moreover, the access of such boards to data, algorithms, and policies may be limited by the
firms. So the self-regulated can quite easily become self-assessors of the self-regulation. Thus,
an important role for government may also lie in creating the incentives and infrastructure for the
research that would hold platform firms accountable for any political harms caused by their
algorithms or policies, which in turn means ensuring access to the data necessary to undertake
this research in the first place.96 Finally, the experiences of self-regulatory regimes in other
industries suggest that such an approach absent government oversight may come up short. For
example, the fact that the US financial services industry is self-regulated through the Financial
Industry Regulatory Authority (FINRA) does not obviate the need for supervision by the Federal
Reserve, the Securities and Exchange Commission, and other governmental agencies.97

To illustrate our concerns with the inadequacy of self-regulation, an example of
successful self-regulation is instructive. Consider the case of e-mail, which was threatened with
extinction by the flood of spam just a few years ago. While some reformers proposed centralized
solutions such as small congestion charges on e-mail, spam was largely solved through detection
technologies that firms willingly installed. Notably, since much of spam is misinformation, and

94 See Baron (2009, 2014).
95 This problem may be exacerbated in the future if Facebook follows through with its plans to stress encrypted
96 As will be better outlined below, it is important to stress that at this point the committee takes no position on the
platforms’ immunities from Section 230 of the Communications Decency Act of 1996.
97 Also see the Privacy Committee’s discussion of the insufficiency of self-regulation in the area of user privacy.
e-mail a particular kind of social medium, this could be viewed as a major triumph of social media companies against misinformation.

But the incentives to engage in spam detection are different than those facing the social media platforms in a number of important ways. First, the number of users affected by spam (i.e., all of them) was greater than the number of consumers objecting to certain political content and policies. Second, at the time, there was significant competition in internet service and email provision. Consumers fed up with spam would have both strong incentives and opportunities to switch to services that better controlled spam. Third, spam filtration was not as politically contested as content moderation. E-mail services could more easily design transparent policies that were broadly acceptable to everyone but the spammers. Content moderation on what has become an essential piece of political infrastructure is not likely to ever achieve such a consensus. Democratic mechanisms may be required to reach acceptable policies. In summary, it is doubtful that controlling political externalities such as misinformation and harassment will be in the business interests of the firms the same way controlling spam was.

There are of course important caveats surrounding government regulation of the platforms. One of the most important is the possibility that regulatory agencies could be “captured” by the social media platforms so that new rules and regulations would benefit the incumbent firms and further stymy entry into the market.98 This concern is especially important in the long run after the salience of social media regulation in current political and policy discussions has died down. Long after public scrutiny has abated, the social media platforms will be allocating significant resources to lobbying regulators and legislators for favorable treatment. A standard prescription for preventing agency capture is to strengthen executive branch oversight of the agency, under the theory that presidents are less parochial than legislators.99 This prescription may be dangerous in the case of social media regulation. As we discussed above, social media platforms have become an essential part of the infrastructure for US elections. Giving any partisan officials wide latitude over social media regulation invites

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98 See Carpenter and Moss (2013) for a recent set of essays on the politics of agency capture.
99 For example, see Moe (1989).
opportunities for political manipulation. In other words, we must be equally vigilant that any
social media regulators are not captured by industry or a political party.

V. Policy Recommendations

The previous sections have raised a number of challenges posed by the rise of social
media platforms as important political actors and as the new public squares. In this section, we
outline a number of proposals designed to mitigate not only the potential negative political
impact of social media but also the auxiliary effects of concentration on the digital platforms.
Perhaps the most important recommendation is our concurrence with the other groups that
significant government regulation and greater antitrust scrutiny is warranted. Our unique
contribution to that discussion focuses on issues related to regulatory structure, where we lay out
several principles to help insulate regulatory authorities from excessive industry and political
influence while aiming to preserve democratic accountability. We also address important issues
related to disclosure and transparency. First, we endorse updating campaign finance law to cover
spending on social media campaigns. Second, we call for more transparency in the use of
platform companies’ support for research on social media and for greater dissemination of
internal research. Finally, we believe that a new Digital Authority can be essential for
facilitating greater independent research and auditing, by ensuring that regulators and scholars
have access to relevant social media data.

A. New Regulatory Authorities

Our report, along with those of the committees on privacy, media, and competition,
identifies many negative features of social media that will require much more than commitments
to corporate social responsibility and self-regulation. Yet, recent regulatory arrangements are
under-resourced and ill-suited. Thus, we recommend the creation of a new regulator and
enhanced arrangements for inter-agency cooperation.
We believe the following principles should guide the creation of a Digital Authority (DA) tasked with regulating digital platforms:\textsuperscript{100}

1. The DA should have a reasonable degree of autonomy from industry influences to make decisions about social media platforms in the public interest.
2. The DA should be structured so as to prevent its powers from being used for partisan purposes.
3. The jurisdiction of the DA should cover as many social media–related functions as possible to prevent regulatory fragmentation.
4. Mechanisms for coordination with other agencies should be created.
5. The DA should have responsibility for rulemaking in the following areas:
   i. General consumer protection
   ii. Privacy policies and disclosure
   iii. Transparency
   iv. Data portability
   v. Data and algorithmic access for external auditing and research
6. The DA should have authority to create mechanisms for real time data collection from the platforms (subject to appropriate protections for user privacy).
7. The DA should have research capacity to undertake studies of the impact of the platforms on social and political outcomes.
8. The DA should play a facilitating role in generating independent research by outside scholars.
9. The DA should have the authority to review relevant internal studies conducted by the platform companies. When the release poses no undue compromising of privacy or exposure of business secrets, studies should be made publically available.
10. The DA should evaluate any of its rules and regulations for adverse effects on innovation and competition in the digital media sphere.

\textsuperscript{100} Should existing bodies such as the FTC or FCC be granted new authority, we hope that these principles will guide the ways in which these powers are implemented internally.
11. The DA should have a broad set of tools to enforce compliance with its rules and directives. The authority should be able to pursue administrative actions, civil proceedings, and criminal referrals.

The principles of autonomy (items 1 and 2) will be essential in preventing industry capture and politically-inspired forbearance. We are especially concerned about the latter consideration, given the role that social media has come to play in political campaigns and policy advocacy. Adhering to both principles, however, will be challenging. As noted above, some scholars tend to stress a combination of executive oversight and legislative insulation as a preventive of industry capture.\footnote{See Moe (1989).} As an example of this approach, consider the Consumer Financial Protection Bureau (CFPB) that was created in the Dodd-Frank financial reforms. The CFPB’s design includes a number of features that were designed to limit undue industry influence. First, it is headed by a single presidentially-appointed, Senate-confirmed appointee. This head serves for a fixed five-year term and can only be removed by the President for cause. Second, the agency is housed in and funded by the Federal Reserve. Thus, it is not subject to direct presidential oversight and is insulated from the appropriations process. Third, the CFPB can issue new rules without going through the review of the Office of Information and Regulatory Affairs (OIRA).\footnote{Under Executive Order 12866, OIRA is tasked with reviewing all “significant regulatory actions,” including proposed rules that would “[h]ave an annual effect on the economy of $100 million or more.” OIRA’s primary charge (to the extent allowed by applicable statutes in any given case) is to make sure that the rules meet a cost-benefit test. Currently, all independent regulatory agencies are exempted from OIRA review. But the current administration may be considering OIRA review for independent rulemaking. \url{https://www.forbes.com/sites/susandudley/2018/04/24/trumps-regulatory-czar-signals-readiness-to-rein-in-independent-agencies/#173735f91f9c3} } There are two clear downsides of the CFPB model. The first is that it goes too far in insulating the DA from democratic accountability, as voters would lack clear means of having their views represented in agency decision making. Second, and perhaps more importantly, the President would have important sway over the DA through the powers of appointment.\footnote{This presidential influence has been demonstrated at the CFPB following President Trump’s appointment of Mick Mulvaney.} Such
an arrangement could be an open invitation to politicization and partisan favoritism—especially in light of the role of digital media in political debates and elections.

An alternative to the highly-insulated CFPB model would be the traditional multimember independent commission similar to the Federal Trade Commission or the Securities and Exchange Commission. Such commissions are generally bipartisan with limits on the number of members from a single party. If they include staggered terms and constraints on presidential removal, presidential influence may be restrained. But precluding partisan influences on a commission remains challenging. With an odd-numbered membership, it is likely that one party would have a majority. But with an even-numbered membership with partisan balance (such as the Federal Election Commission), deadlocked decisions might become the norm. Within the commission model, varying degrees of insulation could be achieved by allowing the DA to obtain some of its funding from industry fees in addition to congressional appropriations. Currently, independent commissions are not subject to OIRA review and therefore are provided some buffer against excessive presidential influence.

There is probably no single way to balance the concerns for preventing industry capture and those related to political manipulation. But we envision that the DA could draw from both of these regulatory models to strike a reasonable balance. Ultimately, the recurrent and pervasive problems around social media indicate that, at least in this area, imperfect regulation is likely to be better than the current status quo of no regulation whatsoever.

The issue of regulatory fragmentation (principle 3) is a serious one that has bedeviled many policy areas, and especially financial regulation. Thus, we strongly urge that the DA be given as much exclusive jurisdiction over digital media platforms’ publication and data processing activities as practical. However, there would appear to be at least three important exceptions. Clearly, the role of social media in campaigns and elections will continue to be overseen by the Federal Elections Commission, as such regulations need to be well coordinated with regulations related to the use of television and radio. Second, there may be policy issues related to the Internet, such as service provision, that might be better regulated by the Federal

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104 Of course, there will be many other exceptions generally related to regulations and oversight that apply to all firms, such as the enforcement of employment laws.
Finally, the Federal Trade Commission and the Department of Justice will continue to be the agencies that review mergers and enforce antitrust laws. Thus, we stress the importance of principle 3 and the idea of mechanisms to coordinate between the DA, the FCC, the FEC, the FTC, and the DOJ.

A related concern is the extent to which regulations of the DA should preempt state laws and regulations. While there may be some advantages to replacing a patchwork of state rules with a uniform national standard, the committee believes that the DA should primarily set regulatory floors in areas such as privacy and electioneering disclosure and allow states to enforce high standards should they choose to do so. This is particularly important in the area of campaign disclosure, given the states’ traditional role in regulating elections.

We recommend that the DA take primary responsibility for several areas, including consumer protection, privacy, transparency, and data portability. Specific recommendations for rules and enforcement approaches are detailed later in this report and in the reports of the other working groups. But to facilitate rules and enforcement in these areas, we believe that it is important for the DA to develop rules and capacity for real-time data collection and analysis. Access to these data will be crucial for ensuring compliance with privacy and transparency rules. Consider the recent mosque attacks in New Zealand that were broadcast on Facebook. Without real-time regulatory data, Facebook’s reports on moderator response time and the number of viewers is not verifiable. Regulators ought to have access to such data (subject to reasonable protections against revealing firms’ proprietary information, and protecting the privacy interests of third parties.) Where privacy and the maintenance of trade secrets can be insured, such data should be made available to independent researchers.

We have previously detailed how the lack of access to data prevented scholars from comprehending the real impact of social media on most arenas. This claim, however, is only partly true—it prevents scholars from doing independent, high-level research. Scholars working

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105 The committee takes no position on the ongoing controversy over whether the FCC has or should have the power to regulate service providers in areas such as net neutrality.  
106 However, there might be an important role for centralized policies to lessen the burdens associated with social media platforms making 51 sets of disclosures (one set for the FEC and one for every state regulator).  
107 Here we depart from the Privacy Committee, who would leave user privacy regulation under the domain of the Federal Trade Commission.
for the platforms themselves undoubtedly have much better access to data than those not working for the platforms (i.e., those employed at institutions that typically support scholarly research, such as universities and think tanks). The question, however, is: What happens to the studies that are conducted internally by platform-employed researchers? These proprietary studies are rarely made available to the public, and as long as this remains the case there will always be those who suspect that those that are made public will be the ones that tend to cast the platforms in a favorable light, regardless of whether or not this is the case.\textsuperscript{108} Therefore, we recommend that the DA create a research office staffed with social and data scientists who can conduct and coordinate independent research (principle 7). Moreover, we also believe that the DA research office should play a facilitation role for research conducted by outside scholars by providing both funding and access to data and data generation processes (principle 8). This would allow for far less financial and data dependency on the platforms by scholars and outside analysts.\textsuperscript{109} Finally, the DA should have access to the internal studies conducted by the platform companies, diminishing information asymmetries between the parties (principle 9). The DA should consider creating pre-registration of internal studies to avoid the hiding of adverse outcomes. In addition, an important consideration is how to set the agenda of the DA’s research arm. We recommend the creation of an outside advisory committee to help set these priorities.\textsuperscript{110} Such an advisory committee should have a membership in which academia and civil society is heavily represented relative to industry.

Principle 10 is crucial. Too often regulatory regimes create substantial burdens on smaller firms that serve as a barrier to entry. Competition in the social media space is an

\textsuperscript{108} This is a particularly perverse version of what is known as the “file drawer” problem in academia, which is generally described as a biased view of research results produced by the fact that “positive” findings are more likely to get published than null findings (Franco, Malhotra, and Simonovits 2014). So rather than the proclivities of academic publishing preferences, here the file drawer problem could be attributed to the financial incentives of the platforms.

\textsuperscript{109} This is a problem that has plagued health-related research in the past; see for example Fabbri et al. 2018; Lexchin 2012; and Sismondo 2007.

\textsuperscript{110} Although the appointments would be at the discretion of the agency head, nominations can also be made by members of Congress, the general public, or professional societies or current and former committee members. Moreover, the charter for such a committee can specify the professional and academic requirements of the body. See https://www.gsa.gov/policy-regulations/policy/federal-advisory-committee-management/advice-and-guidance/the-federal-advisory-committee-act-faca-brochure for the regulations surrounding the creation and operation of such an advisory committee.
important complement to good regulation and should be promoted where possible. The Market Structure Committee Report has a series of important recommendations on policies that may promote a competitive environment in digital markets.

Finally, as many commentators have raised concerns that recent FTC fines of Facebook over privacy violations were not large enough to deter future transgressions, it is crucial that the DA should have a wide variety of enforcement tools to ensure that punishments for violating its rules and directives are significant enough to compel compliance by the platforms.111

B. Antitrust Enforcement or Other Policies to Prevent Political Market Concentration

As seen above, many of the negative political by-products identified by this report are associated with the lack of a competitive market for digital platforms. Therefore, we must also consider the establishment of some form of policy aimed at reducing “political concentration.”

Antitrust is the primary policy targeting concentration. Contemporary antitrust enforcement is generally predicated on a consumer welfare standard. Accordingly, unless it can be shown that consumers are harmed by a potential increase in price or decrease in quality, mergers and acquisitions are generally approved by regulators. As currently interpreted, this approach presumes that the main negative externality of economic concentration is monopoly pricing. In the case of social media, this presumption is dubious. Economic concentration concentrates political power. Large firms who lack competitors are hugely advantaged in the political marketplace. They have the clout to use political processes to thwart the innovation which might lead to future competition and generate other political rents. Second, concentration may exacerbate the negative consequences of social media’s role in the political system. When the social media space becomes concentrated, the effect of each firm’s moderation decisions is increased. Moreover, the lack of competition deprives us of a marketplace of ideas that might

serve to regulate the platform’s policies on speech and political activity. These political effects of concentration are unlikely to ever be captured directly by the consumer welfare standard. A more promising approach would be to emulate the various rules that the FCC has enacted over the years to limit concentration of media ownership in particular markets.

Whether the antitrust law should broaden its scope beyond the consumer welfare standard is a complex and controversial issue and lies beyond the scope of our committee. But we do believe that the harms to citizens through the distortion of political processes should be given considerable weight in policies aimed at fighting market concentration. At a minimum, we believe that the DA should develop methodologies for evaluating the explicit political impact of social media concentration, and we welcome a debate on how to better structure such review in a way that is not manipulated by political parties (the metric developed by the News Media Report being an important reference). The independent access to data and data generation processes, for which we have called in principle 8 in the previous section, will undoubtedly play an important role in developing and evaluating such methodologies. Such studies should be made available to antitrust regulators and to the general public, so as to instruct decision-making. Such reports may contribute to the establishment system of dual review such as that in place for mergers involving broadcasters, which gives the FCC a dual-mandate that complements that of antitrust authorities but considers different criteria when assessing the consequences of concentration.\textsuperscript{112} Again, the challenge here will be to develop a system that controls political concentration in an objective, unbiased way.

\textbf{C. Platform Liability}

Many discussions about the role of social media firms in content moderation focus on the impact of Section 230 of the Communications Decency Act of 1996, which says, “No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.” Moreover, Section 230 preempts state laws, and the courts have refused to limit it to Internet service providers. Among

\textsuperscript{112} This is also the case with banking mergers where the impact on financial stability is considered along with the impact on concentration.
other things, this provision immunizes social media platforms from legal liability for hate speech, harassment, and misinformation.

The Politics Committee reached no consensus on the desirability of repealing Section 230. On one hand, removing the liability protection of the media platforms would undoubtedly spur them to undertake much more aggressive content moderation in an effort to avoid litigation related to slanderous and harassing speech. Yet at the same time, the absence of liability protection might induce the platforms to police over-aggressively and have an unduly chilling effect on speech. The debate surrounding Germany’s Network Enforcement Law (NetzDG) exemplifies these tradeoffs. In accordance with its long tradition of prohibiting and penalizing extremist speech, the NetzGD law requires the platforms to delete illegal content within 24 hours or face fines up to $60 million. The law spurred digit platforms to dramatically increase moderation efforts by hiring thousands of new moderators. Yet, critics accuse the law of overreaching—resulting in the deletion of legitimate content and serving as an additional grievance in opposition to which extremist movements could mobilize. While the First Amendment would surely mean that any similar law in the United States would be far narrower, the tradeoffs between over- and under-regulating content would remain. There was some support on the committee for removing liability protections in limited circumstances. One exception might include defamatory or illegal communications by foreign actors. Assuming adequate oversight capacity, removing protection from liability on those acts would incentivize the platforms to better police foreign disinformation efforts. The recommendation of the Media Committee to condition Section 230 protections on public service obligations is an idea worthy of consideration. But given the history of similar arrangements, such as the Fairness Doctrine for broadcast licensees, we should remain concerned that platform lobbyists may be able to narrow the scope of these obligations while retaining immunity.

D. Role of Social Media in Campaigns and Elections

113 Interestingly enough, and as reported by the News Media Committee, Section 230 was actually initially enacted to allow platforms to moderate content in the first place, even if it became a shield afterwards.

114 As discussed in the section on campaign disclosure, US courts are generally more tolerant of policies directed at reducing foreign political influences.
We endorse two campaign disclosure provisions that have been proposed as part of the Honest Ads Act.\textsuperscript{115} The first of these amends the definition of “electioneering communication” to include internet or digital communication. Under current law, electioneering communication is any broadcast, cable, or satellite communication that refers to a clearly identified candidate for federal office and is publicly distributed within 30 days of a primary election or 60 days of a general election. Electioneering communication must include a disclaimer stating who paid for the message. Any entity spending more than $10,000 on electioneering communication in a calendar year must also report the disbursements to the FEC. Section 6 of the Honest Ads Act broadens the definition of electioneering communication to cover “qualified internet or digital communication.” This term, in turn, is defined as “communication which is placed or promoted for a fee on an online platform.” Section 6 thus makes applicable to political advertisements on digital platforms the disclaimer and disclosure requirements that already govern political advertisements in other media. It fills the loophole in the existing definition of electioneering communication (which was adopted by Congress in 2002, before the emergence of digital platforms). The committee believes that the Act’s definition of electioneering communication be clarified to ensure that it includes electioneering activities of “coordinated social media campaigns” that do not involve paid advertising on the platform. This would encompass situations such as those where an entity is coordinating the actions of actual or simulated user accounts. In such cases, the organizer of the campaign would have to disclose any electioneering activities to the platform.\textsuperscript{116}

The second disclosure provision we endorse is a mandate that digital platforms compile publicly available databases of political advertisements that are run on the platforms. This would include the posts associated with the coordinated social media campaigns discussed above. Section 8 of the Honest Ads Act states that digital platforms with over fifty million monthly users must maintain a record for each request to purchase a political advertisement made by a

\textsuperscript{115} The Honest Ads Act was introduced in the Senate with bipartisan support. Subsequently, its provisions were included as part of H.R. 1 (the For the People Act) that the House of Representatives passed in March 2019. That act includes many other provisions related to electoral reform that sharply divide the two political parties. Thus, we make no endorsement specifically to H.R. 1.

\textsuperscript{116} See \url{https://defusingdis.info/2019/01/17/how-transparency-can-help-defuse-disinformation-from-botnets-sockpuppets-and-online-trolls/}. Any disclosure rules for social media coordination should consider a reporting threshold that excludes small organized campaigns, such as student groups in high schools or on college campuses.
person whose aggregate purchases exceed $500 per year. The act should be clarified to include
electioneering activities of coordinated social media campaigns that do not involve paid
advertising. Each such record must contain, inter alia, a copy of the advertisement, the number
of views generated by the advertisement disaggregated by demographic categories, the period
over which the advertisement was displayed, the rate charged for the advertisement, the
demographic targets, and information about the buyer of the advertisement. Section 8 further
defines a political advertisement as one that is made on behalf of a candidate or that
“communicates a message relating to any political matter of national importance,” including a
candidate, a federal election, or a national legislative issue.

As far as these provisions go, they do not encompass all political activity on digital
platforms that we might like to be disclosed. Even as amended by Section 6, electioneering
communication does not cover messages that do not refer to clearly identified federal candidates
or that are distributed more than 30 or 60 days before an election. Those who convey such
messages on digital platforms are thus exempt from any disclaimer or disclosure requirements.
Broader requirements for non-electioneering political ads, however, may generate First
Amendment concerns. In light of those considerations, we endorse a disclosure requirement on
political advertising paid for by foreign entities. Such a foreign distinction is found in many
areas of law, such as campaign finance and lobbying disclosure.117

Similarly, Section 8’s record-keeping obligation does not apply to digital platforms with
fewer than fifty million monthly users (which include Reddit, Snapchat, and Tumblr). Section 8
also contains no mechanism to compel buyers of political advertisements to truthfully reveal
their identities (or to prevent them from dividing a larger volume of purchases into several sub-
$500 accounts). The records compiled by digital platforms would be more informative if these
issues were addressed.

Furthermore, nothing in the Honest Ads Act responds to the possibility that digital
platforms themselves might not be politically neutral—a concern outlined in the first section of

117 Foreign nationals may not make direct contributions to candidates and parties or make independent
electioneering expenditures. These restrictions were recently upheld unanimously in Bluman v. FEC (2012). The
Foreign Agents Registration Act requires periodic disclosures from agents working for foreign principals on
political or quasi-political matters.
this report. For example, platforms might charge lower advertisement rates to certain candidates or parties, restrict the audience for certain candidates’ or parties’ advertisements, offer sales and consulting services at lower prices (or for free) to certain candidates or parties, or even ban certain candidates or parties from the sites.\textsuperscript{118} Ideally, we believe that social media companies should not engage in any practices which violate strict political neutrality. As mentioned, however, there are concerns that the regulation or imposition of political neutrality by the DA might impinge upon First Amendment protections. So at a minimum, we support further and strong disclosure requirements that would reveal such non-neutral platform policies. Such disclosures should cover situations (i) when the platforms provide specific support or technical assistance to political parties, candidates, or interest advocacy groups, outlining what type of support has been provided and the outcome of this support; and (ii) when the platforms make algorithmic changes that directly impact how users see political content, outlining the outcome of these changes. The platforms should be obliged to aggregate the data compiled under Section 8 at least by candidate, party, and issue. These data slices would show whether advertisement characteristics (such as the rates charged and the views generated) systematically varied along these dimensions. Perhaps more onerously, platforms could be required to disclose marketing and pricing materials. These documents would expose any platform policies that overtly favored or disfavored particular candidates or parties.

These obligations would be complemented by the data access policies for academic and independent research outlined below, which will enable third parties to more effectively police platform behavior that may adversely impact the political arena.

\textbf{E. Philanthropic Disclosure}

As do many other large corporations, large digital firms invest in extensive philanthropic efforts. Such support obviously serves many worthwhile causes. Yet there is considerable evidence that philanthropic efforts are often designed to support political strategies, generating the goodwill either of important civil society organizations or of legislators with ties to those

\textsuperscript{118} See Zittrain (2014).
organizations. But more troubling are the conflicts of interest associated with educational philanthropy to support research and teaching on technology and the associated policy issues. Such support may make it more difficult for technology and policy scholars to criticize the platforms and their social impact.

We offer two concrete proposals. First, we believe there should be greater and more transparent disclosure of the philanthropic efforts of social media companies, especially those tangibly related to teaching and research. The charitable arms of Google and Facebook make periodic disclosures of their contributions. But there should be similar disclosures of the contributions of top executives. Second, as discussed in our DA proposal, the DA should create an office of research that will help facilitate independent research on social media companies and platforms. Such research will avoid the inherent conflicts of industry-supported research. We also encourage universities and academic associations to develop disclosure standards that would apply to scholars supported by social media firms. The disclosure policy of the American Economic Association is one plausible model.

F. Data Access for Academic and Independent Research

As discussed above, we believe that independent research on the economic and political effects of social media is crucial to ensuring that the platforms enhance citizen well-being. Currently, the major impediment to such research is data access. Such access is limited for a variety of reasons:

- Data security and individual privacy concerns may be raised.
- Data may be proprietary.

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119 See Bertrand et al. (2018). In the case of the Chan Zuckerberg Initiative, philanthropy can explicitly serve political ends. Since the initiative is organized as a limited liability corporation rather than as a 501 c3 nonprofit, it may make political contributions.

120 The controversy with the New America Foundation and its Open Markets initiative centered around contributions from Eric Schmidt rather than from Google’s charitable foundation.

121 See https://www.aeaweb.org/journals/policies/disclosure-policy.
• Even when data is in the public domain, platforms may limit access to data through terms of service agreements.
• Securing access to data is an uncertain and time-consuming process; when possible at all, storing and accessing such large datasets is technologically challenging and financially demanding.

Moreover, there is also a political challenge to securing access to social media data for rigorous, transparent research. After the Cambridge Analytica controversy, there have been well-organized—and well-meaning—organizations and individuals attempting to restrict access to social media data for research purposes in the name of protecting individual privacy. One such example is the request by the Electronic Privacy Information Center (EPIC) to US Federal Trade Commission and the European Data Protection Board to suspend data sharing between Facebook and Social Science One, a new organization attempting to facilitate analysis of Facebook data by academic researchers to study the effect of social media on democracy and election integrity.\(^\text{122}\)

The lack of access to data for academic researchers does not, of course, mean that no research is being conducted. Instead, it means that the only people who are able to conduct such research are those working inside the platforms.\(^\text{123}\) Put another way, the knowledge that can be gained from access to these data is going to remain inside what are giant multinational companies, and most likely the vast majority of this research is going to be focused on increasing profits for those same companies, as opposed to a myriad of other socially desirable applications that research could address, including assessing many of the political questions listed earlier in this report.

To remedy these problems, we offer two proposals. First, as discussed above, a major initiative of a new DA ought to be to facilitate independent research. This could include making the data it obtains from social media firms available for research (with suitable restrictions for individual privacy and proprietary secrets). Second, we encourage the reconsideration of the presumption that data collected by social media platforms \textit{ought to be considered proprietary at}


\(^{123}\) And perhaps security services that manage to get hold of data through non-transparent means.
There are a number of possible proposals in this regard. The strongest would recast the role of the platforms not as owners of the data provided by users, but rather as stewards of that data, entitled to use it to improve their own business models but not necessarily to prevent others from using the data for welfare-maximizing purposes. Another option would be analogous to a “data tax,” whereby X% of data collected by digital platforms would need to be deposited in the public domain. Such a proposal might also mitigate concerns about excessive economic concentration by allowing start-up firms to use such data in developing algorithms. In implementing any of these proposals, systems to ensure individual privacy will need to be put in place. The Privacy and Data Protection Committee’s report provides some interesting ways to enable data disclosure in a privacy protective way. We would only stress that while differential privacy protocols may be required, we hope that the value of such protocols is weighed against the possibility that data loses its value for academic work and facilitating innovation.

Further, it is important to note that understanding the impact of social media usage upon political outcomes does not depend solely on access to data in its raw form. A full understanding of these processes and causal impacts of social media requires an understanding of the data generation process. While social media platforms all provide some publicly-available information about the ways in which their products function, there is often a very wide divide between what is contained in this public information and what is necessary for analysts to understand the data generation process sufficiently. Here, we highlight two important categories of information: data that was generated as the result of internal experimental research and the algorithms that determine what content is displayed to users.

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124 The feasibility of this approach would depend significantly upon whether current law actually does give platforms the rights of legal ownership over data that they currently hold. If current law does actually make platforms the “owners” of data they have collected, then governmental attempts to eliminate their ownership rights could raise significant constitutional questions under the Fifth Amendment’s right against the deprivation of property for public use without just compensation.

125 See, e.g., Balkin and Zittrain (2016), Balkin (2016), and Zittrain, (2018).

It is well known that platforms such as Facebook are constantly conducting A/B tests for all sorts of product development reasons, and there is the possibility that internal researchers may be conducting experiments for basic scientific research as well. As currently construed, the latter set of studies are only released into the public domain if they are published, and the former set of studies are almost never made public. This represents a lost gain in efficiency for the accumulation of scientific knowledge, but it also provides potentially more serious problems for independent analysts if they don’t know whether the data was generated as a result of an experimental manipulation. In an ideal world, platforms would maintain a public record of all experiments conducted internally, and then social media data that is made available for outside analysis—through any of the mechanisms suggested above—would contain metadata that identifies whether the unit of analysis in question had been subjected to experimental manipulation. In practice, due to the role A/B testing plays in product development, something short of this ideal would probably end up being more pragmatic, but we believe it is important when pursuing principle 8—ensuring transparency—that the question of labeling data as to whether they have been included in an experimental study is addressed. Further, as previously noted, we believe that the more of these internal experimental studies that can be released to the public, the better.

Additionally, an increasingly pressing question for assessing the impact of social media on the political sphere concerns not only the content of social media posts but the algorithm that determines what content is seen by which users. Thus, a thorough and accurate assessment of social media’s impact in the political sphere would involve an understanding of how these algorithms function. Complicating this task is the fact that these algorithms are constantly being tweaked and adapted. In an ideal world for outside assessment, platforms would not only publish all of the algorithms that have been used to serve up social media content, but would also include metadata in social media posts identifying which algorithm was at use when the content was posted. However, as these algorithms are central to the platforms’ business models and

128 See, e.g., Bond et al. 2012.
competitive advantages—and very technically complex—the likelihood or desirability of regulation to compel the publication of algorithms would seem to be limited.

The alternative, however, is to allow what is known as *algorithmic auditing*, whereby outside analysts attempt to assess the function of the algorithm by either analyzing code directly (code auditing) or by interacting with the system in question (e.g., sending a lot of requests to Google and seeing what Google returns). There are various different forms of these types of audits depending on the degree of adherence to the platform’s terms of service and the personalization of the interaction with the platform.\(^\text{129}\) Almost all of these types of audits, however, face hurdles in terms of gaining access to the necessary information from the platform in question. Such obstacles can arise because of API rate limits (e.g., a researcher wants to give Google 100,000 inquiries a day, but is only permitted to make a small fraction of those inquiries from one IP address) and also because the necessary data may not be included in the API (e.g., YouTube video recommendations). Auditors often get creative to get around these limits, but this can make the enterprise much more time-consuming (i.e., higher barriers to entry for prospective studies), subject to being shut down by the platforms for terms of service violations, and perhaps subject to legal action. At the same time, audits that are conducted in cooperation with the platforms are potentially subject to many of the concerns about conflict of interest that we addressed previously.

Thus we recommend a policy of *cooperation without supervision* to facilitate algorithmic auditing for regulatory or scholarly research. Under such a policy, platforms would facilitate algorithmic auditing by exempting auditors from normal terms of service, but would not in any way supervise the auditing process. So, for example, Google could exempt auditors from rate limits in terms of the number of times an API could be accessed in a given day for the period of time of the audit. To prevent abuse of the potential access, a non-partisan academic advisory board—perhaps in the model of *Social Science One*—could vet research proposals for external

\(^{129}\) For more details on algorithmic auditing, see Sandvig et al. 2014 and Wilson 2018.
audits of the platforms. The DA may also consider creating certain legal safe harbors for researchers conducting audits.

VI. Conclusions

While research on the political impacts of social media and its major platforms is nascent, the potential for irreparable harm to democratic institutions is more than necessary to justify significant reforms. While it is possible that the incentives of platforms and users may resolve some of the negative political effects of social media, we believe that some coordinated and centralized actions may be necessary. Thus, we join those other working groups who are calling for the creation of new regulatory authorities focused on social media. But given the power and clout of social media companies, these authorities must be well designed to balance insulation from industry capture with democratic accountability. In our report, we outline several principles of regulatory design which may serve these purposes.

A new regulatory regime also should do much more to promote disclosure and transparency to a greater extent while balancing legitimate privacy and First Amendment concerns. At the barest minimum, political advertising on social media must be subject to the same disclosure and reporting required of television and radio advertising. Such disclosures serve both to allow citizens to understand who funds parties and candidates as well as to provide a safeguard against foreign interference in elections. But much more fundamental transparency of data and algorithms will also be necessary to allow for government regulators and independent researchers to better evaluate the effects of social media platforms on elections, polarization, and group conflict. Without such efforts, social media companies will remain unaccountable for the political and social harms they may inflict.

Our group concurs with the emerging consensus that excessive concentration and monopolization by the platforms is a root cause of many of the negative consequences of social media. While many previous technological innovations also impacted political systems, most did so in ways that deconcentrated power. Those with the potential to concentrate power, such

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130 See https://socialscience.one/
as broadcast television, came quickly under government regulation and oversight. But social media platforms have the capacity to concentrate control over valuable political resources in ways previously unimaginable. Antitrust or other complementary market concentration control policies must develop the tools to consider the harms of political concentration as well as those of economic concentration.

The remaining question is how reformers might go about building a political coalition that can tackle the challenges of crafting meaningful reform. Under normal circumstances, the political clout of the industry would make this a formidable obstacle. Yet as we discussed above, our current circumstances present an opening. Democrats and progressives are concerned about the use of the platforms to manipulate public opinion. Conservatives are concerned about algorithmic biases and what they perceive as unfair moderation policies. Citizens, who are concerned about privacy, hate speech, and harassment, might be persuaded to support stronger measures. Private interest such as newspapers who have lost advertising revenue and retailers who either compete with or are forced to operate on Amazon’s platform may be mobilized. At the same time, concern with monopoly and economic concentration has grown on the left and the right. While these various interests and constituencies may not agree on exactly what they would want a regulation and antitrust enforcement to achieve, their overlapping concerns may well provide the building blocks for efforts to create arenas in which the issues can be addressed.
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