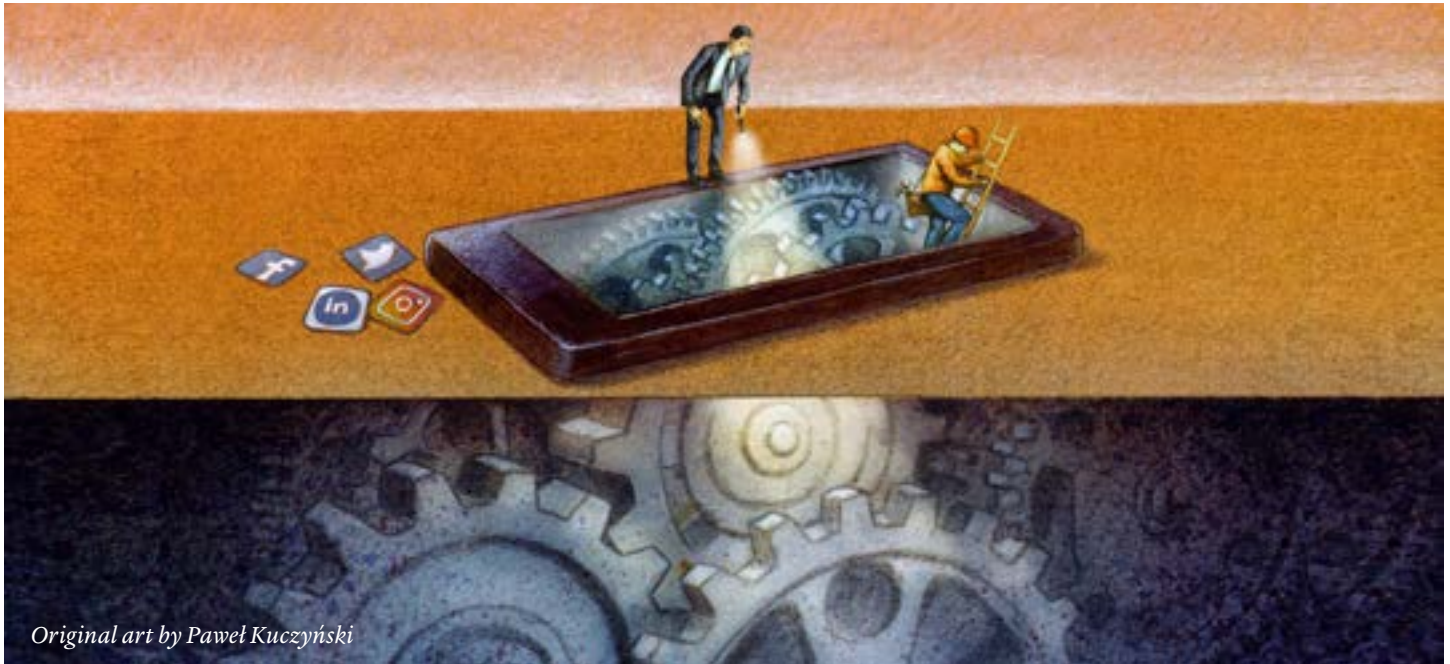


It's the Business Model

How Big Tech's Profit Machine is Distorting the Public Sphere and Threatening Democracy



Original art by Paweł Kuczyński

While the major social media platforms have been drivers of powerful protest movements, enabling ordinary people to organize and speak truth to power around the world, they have also amplified disinformation, hate speech, and other dangerous content online. Companies have made big promises to improve on these problems, but time and again, they have failed.

In this two-part series, we take a critical look at the social and human rights implications of what drives profits at Facebook, Twitter, and Google. All three tech giants have built their business models on targeted advertising and algorithmic systems that can determine the reach of a message by targeting users who are most likely to share it, and thus influence the viewpoints of thousands or even millions of people. In an election cycle or amid a pandemic, these dynamics can lead to the proliferation of disinformation at a massive scale, with dire consequences for democracy or public health.

We argue that companies' failures to staunch the flow of problematic content and disinformation online is rooted in their dependence on these systems and the surveillance-based business models that they serve.

We recommend policy measures that will protect free expression while holding digital platforms much more accountable for the effects of their business models on public discourse.

How do we hold companies accountable for their failures while also protecting the rights of internet users?

This series draws from Ranking Digital Rights' [recent study](#) evaluating company policies on targeted advertising and algorithmic systems, alongside five years of research on corporate policies that affect online speech and privacy, for the [RDR Corporate Accountability Index](#).

Download the reports:

[Part I Democracy's Online Speech Challenge](#)

[Part II Getting to the Source of Infodemics](#)

Part 1: Democracy's Online Speech Challenge

Our first report lays out the problems at hand and shows how simply reining in content will not lead to better outcomes for the digital public sphere, or for democracy. We warn against using algorithmic systems or artificial intelligence to filter problematic content, and urge policymakers to preserve Section 230 of the Communications Decency Act. We argue that companies must be held accountable for how content is amplified and targeted.

We describe the pitfalls of corporate “content-shaping” algorithms that are built not only to show users content likely to pique their interest, but also to generate profits for the companies by keeping users engaged. They show users viral content, serve them ads, and collect more data about them along the way. This data helps companies target (or, in their words, “personalize”) content and ads at users, in an endless iterative process.

Targeted advertising systems rely on these and other invasive data collection practices and algorithmic systems to create detailed digital profiles of users. This enables anyone who can buy ads on the platform to target specific groups of people with manipulative or misleading messages and can result in unfair (and sometimes illegal) discrimination.

Companies are unacceptably opaque about how these systems work as well as about how political actors are using these systems, making it impossible to have an informed discussion about solutions, and how best to regulate the industry.

We conclude with policy recommendations for companies, urging them to undertake corporate due diligence on the impact of these systems; set and enforce rules to prevent malicious manipulation of these systems; and to institute transparency practices that will allow users to understand who is influencing what content they see online and why they are the ones seeing it.

Part II: Getting to the Source of Infodemics

Our second report argues that policymakers should adopt a human rights framework for platform accountability. In the absence of data protection rules, companies have used algorithms to make assumptions about users that determine what content they see and what advertising is targeted to them. This has led to discriminatory practices and amplification of disinformation and harmful speech.

International human rights standards provide a framework for holding social media platforms accountable that can complement existing U.S. law. They also can help lawmakers determine how best to regulate these companies without curtailing users' rights to privacy and free speech.

We propose concrete areas where Congress should act to mitigate the harms of disinformation and other dangerous speech: Transparency and accountability for *all types* of online advertising, akin to requirements that currently apply to print and broadcast political ads; a federal privacy law that protects people from the harmful impact of targeted advertising; and corporate governance reform that would require companies to disclose information pertaining to the social and human rights impact of targeted advertising and algorithmic systems.

We also offer thoughts about how investors, researchers, journalists, and advocacy and grassroots organizations are critical to addressing accountability gaps, and why companies must proactively engage with civil society as a part of their efforts to mitigate the negative social impacts of their business models.

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Our Recommendations

The recommendations below are drawn from the [RDR Corporate Accountability Index](#), and our experience working with advocacy groups and investors seeking to hold social media platforms accountable for their social impact. They reflect more than a decade of civil society and academic research into platform accountability.

PART I: KEY TRANSPARENCY RECOMMENDATIONS FOR CONTENT SHAPING AND MODERATION

Many of the companies that RDR ranks (including Facebook, Google, and Twitter) already meet some of these standards, but their disclosures are not comprehensive. Companies should:

Disclose Rules and Processes for Enforcement of Content and Ad Policies

- Disclose the processes and technologies (including content moderation algorithms) used to identify content or accounts that violate the rules for user-generated content, advertising content, and ad targeting. Companies should notify users when they make significant changes to these processes and technologies.

Disclose Rules and Processes for Content-Shaping Algorithms

- Disclose whether they use algorithmic systems to curate, recommend, and/or rank the content that users can access through their platforms.
- Explain how such algorithmic systems work, including what they optimize for and the variables they take into account.
- Enable users to decide whether to allow these algorithms to shape their online experience, and to change the variables that influence them.

Publish Key Policy Documents and Transparency Reports

- Publish the rules (otherwise known as terms of service or community guidelines) for what user-generated content and behavior are or aren't permitted.
- Publish the content rules for advertising (e.g., what kinds of products and services are prohibited from advertising, what kind of language is prohibited in ads.)
- Publish the targeting rules for advertising (e.g., which user characteristics and interests can be used to target ads.)
- Notify users when the rules for user-generated content, for advertising content, or for ad targeting change so that users can make an informed decision about whether to continue using the platform.
- Regularly publish transparency reports with data about the volume and nature of actions taken to restrict content that violates the rules for user-generated content, for advertising content, and for ad targeting.

PART II: KEY RECOMMENDATIONS FOR POLICYMAKERS

We call on the U.S. Congress to take legislative action to pass a federal privacy law, update advertising regulations, mandate corporate disclosure and due diligence requirements, and institute governance reform.

Enact a Federal Privacy Law

A comprehensive federal privacy law should protect people from the harmful impact of targeted advertising. It should encompass much more than the following recommendations, which focus on necessary rules to limit the reach of disinformation and dangerous content by limiting the power of content-shaping and ad-targeting algorithms. Lawmakers should:

- Designate an existing federal agency, or create a new agency, to enforce privacy and transparency requirements applicable to digital platforms.
- Enact strong data-minimization and purpose limitation provisions. Users should not be able to opt-in to discriminatory advertising or to the collection of data that would enable it.
- Give users very clear control over collection and sharing of user information that is not otherwise prohibited, including inferred information, that is not necessary to deliver and operate the service. Companies should be required to:
 - » Disclose to users and to the relevant regulatory agency what user information they collect, share, and infer; for what purpose; and how long it is retained.
 - » Disclose to users what information they collect from and share with third parties. Companies should be permitted to engage in such sharing only when it is necessary to deliver the service and governed by a vendor/contractor relationship.
 - » Allow users to obtain all of their user information (collected and inferred) that the company holds, in a structured data format.
 - » Delete all user information within a reasonable timeframe after a user terminates their account or at the user's request. This should be independently audited.
- Restrict how companies are able to target users. Prohibit the use of personally identifying information for ad-targeting purposes; prohibit targeting of users based on information that they have not voluntarily disclosed; require active user consent to target users on the basis of any audience category or profile attribute. Prevent the combination of ad targeting with ad content from resulting in illegal discrimination against protected classes of users under civil rights law.

Pass the Honest Ads Act; Require Platforms to Maintain a Public Ad Database

Congress should pass the Honest Ads Act and expand its scope to include all types of online ads, thus mandating a universal, publicly accessible database of advertisements.

- For each ad, the database should include a digital copy of the ad, a description of the audience the ad targets, the number of views generated, the dates and times of publication, the rates charged, and the contact information of the purchaser.
- The database would enable regulators and researchers to audit and ensure companies' compliance with all privacy and civil rights laws when engaging in ad targeting.

Require Relevant Disclosure and Due Diligence

Congress should require companies disclose information that demonstrates they are tracking the social impact of their targeted advertising and algorithmic systems, taking necessary steps to mitigate risk and prevent social harm. They should be required to:

- Disclose what percentage of their revenue comes from targeting advertising.
- Disclose non-financial information about their environmental, social, and governance (ESG) impacts, including information about the social impact of targeted advertising and algorithmic systems.
- Conduct assessments of their social impact and risks, including human rights risks associated with targeted advertising and algorithmic systems.

Strengthen Corporate Governance and Oversight

In line with the ESG and due diligence disclosures recommended above, Congress should require that Securities and Exchange Commission (SEC) rules empower shareholders to hold company leadership accountable for social impact. The SEC should require companies to phase out dual-class share structures, and scrap proposed rule changes that will make it more difficult for shareholders to file proposals and to get them on proxy ballots.

The best way for companies to prepare for future regulation—and more important, to demonstrate maximum respect for users’ human rights—is to align their policies, practices, and disclosures with the indicators outlined in the RDR Corporate Accountability Index [methodology](#).

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We thank Craig Newmark Philanthropies for making this report possible.

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