

Google, Facebook and Amazon blight digital landscape

The inquiry by the chairman of the Australian Competition & Consumer Commission, Rod Sims, into digital platforms is a world first — a historic moment to shine a spotlight on how to recast the landscape to create a fairer playing field benefiting all Australians.

Internationally, there is intense interest in the ACCC's work as other governments, regulators and businesses look for leadership on these issues. The terms of reference may be focused on media and advertising, but the ACCC's investigation affects all businesses and consumers. It's important that all Australian businesses be involved.

In the media, Google is destroying the journalism model. Its dominance of search leaves publishers no choice other than to be on Google. It has the digital distribution model, and journalism needs to be discoverable.

But Google is much more than just a search engine, just as Facebook is more than a vehicle for friends to connect. Together they are also the world's dominant advertising companies: 85c in every digital advertising dollar goes to Google and Facebook, and this is growing.

At the core of the problems confronting publishers, and indeed all businesses, is the tech giants' demands that we play only by their rules — rules set by them to strengthen their market control. Increasingly, they manipulate what we see in a way that denies Australians the ability to have a true choice of information and news when they search or use social media.

This digital censorship is directly aimed at influencing consumer purchasing decisions and blocking out competitors.

These rules kneecap publishers trying to establish different business models to fund the quality journalism that so richly enhances our societies.

While publishers and most local businesses seek to actively improve the lives of Australians, these tech giants profit from billions in revenue gleaned from ads

appearing around content created by others, but return little back to our communities.

The fake news explosion during the US presidential election revealed the destructiveness of their unfettered operations. Facebook relinquished any moral responsibility to society, preferring to profit from ad revenue surrounding fake news made up by sinister forces with evil motives.

Similarly in advertising, Google has allowed an environment where credible brands' ads have been tainted by being exposed to sites that are extremist, racist, pornographic and violent.

However, it takes bravery to disobey the Googles, Facebooks and Amazons. They have the most powerful weapon known to mankind — the self-serving algorithm that denies consumers choice. With a simple algorithm tweak, they can make your company essentially disappear digitally. Today the tweak is mightier than the pen, but this tweak is a weapon available to only a few.

Globally, News Corp leaders Rupert Murdoch and Robert Thomson have courageously driven important changes that have the potential to now reshape our industry.

Murdoch has led the conversation that great online content deserves to be paid for. In recent months News Corp's agitation has led Google to abandon its untenable demands that forced publishers to provide it too much content for free.

This overdue abandonment by Google — which made it so hard for publishers to establish pay-for-content models — has already delivered dramatic change.

In Australia, paid subscriptions to News Corp sites triggered by Google searches in this year's first seven weeks were 50 times higher than during the same period last year, primarily because the company can now choose when people are offered a subscription. This is not evidence of Google doing the right thing. It is evidence of how much impact the tech giants' restrictive and unfair practices have had on our business. It is a small step forward but there is an enormous amount of work to be done to reverse the balance.

Previously, *The Wall Street Journal* learned how brutally Google punishes those who challenge its rules when it began limiting the content it provided for free: in

just one month, its referrals from Google News plunged 94 per cent.

This bullying — to further increase Google’s ad revenue — harms the viability of publishers, threatens jobs and affects communities that could lose local news services. But it’s not just media that is damaged by Google. The European Commission has exposed how its monopoly abuses hurt all businesses. EU commissioner Margrethe Vestager has said of Google: “It denied other companies the chance to compete on the merits and to innovate. And, most importantly, it denied European consumers a genuine choice of services and the full benefits of innovation.”

There is something deeply wrong with a digital landscape that punishes companies that want to innovate and compete on their own merits, and that denies consumers choice.

The unregulated monopolies of Google and other tech giants such as Facebook and Amazon have such digital dominance that they dictate and increasingly decide what we see, know and buy.

It is also morally unfair in human terms: people lose their jobs, decent businesses go bust, inevitably wages do not grow and communities suffer.

Vestager was commenting on the EU’s findings that Google abused “its market dominance as a search engine by giving an illegal advantage to another Google product” — its comparison shopping service. The EU is also investigating Google abuses with Android and AdSense systems.

The EU found Google used its search engine to bury rival businesses to its shopping service, cutting their traffic by 85 per cent in Britain, up to 92 per cent in Germany and 80 per cent in France.

The digital landscape has become profoundly dysfunctional, controlled by a select few manipulating their monopoly powers to increasingly stifle competition but

with no regard for the wellbeing of society.

The ACCC inquiry is an opportunity to say enough is enough and to find a new, more equitable digital model that benefits all Australians.

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