

Why the world is watching Australia's tussle with Big Tech

February 18 2021, by Andrew Beatty



Australia has moved a step closer to introducing legislation that would force tech giants to pay for sharing news content, a move that could change how people worldwide experience the internet

Facebook's decision to pull news from its platform in Australia comes in response to legislation that would force tech giants to pay for sharing news content.

Here is a look at what the proposed rules are, why companies such as Facebook object, and what it might mean for users:

What is happening?

After two decades of light-touch regulation, [tech companies](#) such as Google and Facebook are coming under increased government scrutiny.

In Australia, regulators have zeroed in on the firms' online advertising dominance and its impact on struggling [news media](#).

According to Australia's competition watchdog, for every \$100 spent on online advertising, Google captures \$53, Facebook takes \$28 and the rest is shared among others.

To level the playing field, Australia wants Google and Facebook to pay for using expensive-to-produce [news content](#) in their searches and feeds.

After much back and forth, the House of Representatives has passed slightly amended versions of proposals and the Senate is poised to do the same.

After Facebook decided to pull the [news](#) plug Thursday, Australia's Prime Minister Scott Morrison signalled his willingness to press ahead with the legislation regardless.

Why is it getting worldwide attention?

Although the rules would only apply in Australia, regulators elsewhere

are looking closely at whether the system works and can be applied in other countries.

Microsoft—which could gain [market share](#) for its Bing search engine—has backed the proposals and explicitly called for other countries to follow Australia's lead, arguing the tech sector needs to step up to revive independent journalism that "goes to the heart of our democratic freedoms".

European legislators have cited the Australian proposals favourably as they draft their own EU-wide digital market legislation.

Facebook's move has also raised questions about countries' "digital sovereignty" after some emergency response Facebook pages used to alert the public to fires, floods and other disasters were inadvertently hit.

The company quickly moved to amend that mistake, but the incident left questions about whether [social media platforms](#) should be able to unilaterally remove services that are part of crisis response and may even be considered critical infrastructure.

Why are Google and Facebook opposed?

More broadly, Facebook and Google are pushing back against a slew of potential regulation worldwide that threatens to undermine business models that have allowed them to become some of the biggest and most profitable companies in the world.

Concretely, both companies say they do not have a problem paying for news—and, in fact, both already pay some news organisations for content.

Their main objection is being told how much they have to pay. That goes

much further than European legislation, which encourages deals between [social media](#) and traditional media companies.

Under the Australian rules, an independent arbiter could decide if the deals reached are fair, to ensure the tech firms are not using their [online advertising](#) power to dictate terms.

Opponents have argued the new rules amount to a gift from Australia's conservative government to allies in Rupert Murdoch's News Corp, the country's biggest media group, to prop up his struggling newspapers.

What does it mean for me?

World Wide Web inventor Tim Berners-Lee has warned introducing the precedent of charging for links could open a Pandora's Box of monetary claims that would break the internet.

"Links are fundamental to the web," he told an Australian Senate inquiry. "If this precedent were followed elsewhere, it could make the web unworkable around the world."

Both Facebook and Google have argued that the proposals would spell the end of some of their most popular products.

But Facebook's move to block news in Australia would be difficult to repeat in larger markets such as the United States and Europe as a whole—potentially hitting the company's bottom line.

Google Australia had made similar threats to pull its search service in Australia, but pulled back from the brink—instead making deals to pay several Australian media groups.

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