

# The dangers of algorithmic advertising

The social, political, and economic threats posed by Facebook and Google

The rise of advertising-fueled, algorithm-based communication platforms as gatekeepers of social interaction and information has dangerous implications for our networked age. This essay focuses on Google and Facebook, which constitute an effective duopoly in the world of digital advertising, and argues that these corporations are structurally incentivised to erode our capacity for self-determination both as consumers and as citizens. Furthermore, this essay suggests that these corporations are part of a larger underlying economic trend in which transnational corporations, leveraging the power of their intangible assets, accumulate wealth via the continued exploitation of the Global South, and that this larger economic injustice must be addressed if we wish to reclaim our universal self-determination.

## The business logic

We must start by understanding the business logic driving these platforms, and how they fit within the larger economic system. Although neither platform was founded for the purpose of serving ads, they have since definitively become advertising platforms, with around 90% of their revenues coming from advertising (Statistica, 2017a&b). It is on the basis of the dominant role they occupy in the digital advertising world—collectively controlling over half of all revenue (Bond, 2017)—that they have risen to stratospheric valuations, often listed as among the top 10 most valuable corporations by market capitalisation worldwide (Gandel, 2016).

Such valuations should be seen in light of the crucial role they play, as gatekeepers to the dissemination of digital advertising, in the global capitalist engine: that of “understanding, developing and controlling” the “dreams” of consumers in order to sell goods (Streeck, 2016, p212). After all, we live in an age of abundance, where consumption is “disassociated from material need” (Streeck, 2016, p65) and production is “potentially unlimited”; thus, the primary barrier to profits is no longer in the realm of *production*, but instead in manufacturing consumer demand (Baudrillard, 1998, p71).

What's special about these platforms relative to other advertising companies is the vast amounts of data they have on their users: their preferences, their habits, whatever is needed to make them more likely to click ads (Lewis, 2017). Through their surveillance apparatuses (Zuboff, 2015), they are able to transcend the advertising limitations of the mass-media age (Fisher, 2017, p194) in order to advertise more effectively, through individual targeting and measurement. Due to the personal data they control, they have been able to establish themselves as incredibly powerful gatekeepers for digital advertising (Foer, 2017, p4; Morozov, 2015, p60).

## Individual self-determination

The implications for individual self-determination are enormous. The direct consequences of advertising as a means of raising consumer demand for products means that their goal is to make us desire products, whether or not we truly need them. Their profits come from their “ability to create and organize desire itself” (Bown, 2017, p17), by influencing our consumption patterns to get us to buy more—not because it's actually beneficial for us, but because it's good for *them*, and for their profit margins. Their goal is “to orchestrate an online world that maximizes their own profits” (Pasquale, 2015, p5), and they do so via strategic use of the data they have on us in order to make us more “more malleable, easier to addict, prone to nudging” (Foer, 2017, p187). This kind of targeting can be explicitly predatory when it's used to prey on the already vulnerable, such as via ads for for-profit schools or payday loans (O'Neil, 2016).

## You can check out any time you like

Individual users have very little recourse. Leaving isn't easy when these sites are specifically built to be addictive (Lewis, 2017): “Almost every feature on Facebook is designed to make the site engaging — to encourage you to spend time there while Facebook serves more ads to you” (Tufekci, 2017). Those who do manage to avoid these platforms may end up missing social opportunities, as there aren't always credible alternative services; thus, users are ideologically coerced by the fear of suffering social disadvantages if they leave (Ekman, 2017, p125; Fuchs, 2013, p90). But even leaving isn't a guarantee for fully escaping their ambit: both Google and Facebook are deeply embedded in the digital advertising world, gathering data and displaying ads on platforms beyond what they directly own, e.g. via

Facebook's Audience Network (Skeggs, 2015, p12). Furthermore, these companies operate with a tendency toward "natural monopolies" (Morozov, 2015, p60); they have a history of subsuming or destroying previously independent platforms, "either buying out competitors or copying their features and using overwhelming market share to destroy them" (Dayen, 2017), which makes them hard to fully avoid without avoiding the Internet entirely.

## Ad-blockers

Some consumers attempt to protect themselves from this forced capturing of attention through ad-blocking software. While this can work for some individuals, this isn't an option that's available to everyone; low-income individuals and ethnic minorities are more likely to only access these platforms via mobile (Smith, 2015), and given that it's exceptionally difficult to block mobile ads (Claburn, 2017), marginalised groups are less likely to have access to this recourse. What's more, ad-blockers are unable to recognise all forms of advertising. The commodity logic of these platforms is increasingly seeping everywhere, most notably in the form of influencer marketing on platforms like Facebook's Instagram and Google's YouTube, meaning that even "organic" content is often infused with advertising-based incentives—sometimes without the knowledge of the viewers (Evans et al, 2017).

## Tuning out

Neither can we simply use the platforms and attempt to tune out the ads. These platforms are ruled by a "principle of commodification" in which our attention is directed towards whatever maximizing their profits (Citton, 2017, p73); this means that we are "permanently exposed to commodity logic in the form of advertisements" (Fuchs, 2014, p101). The key is that these advertisements have our *attention*, whether consciously or not, and attention is what shapes individualisation and "enables us to become ourselves" (Citton, 2017, p172). These ads interfere with our very subjectivity, forcing us to pay attention to ads that engrain logos in our minds, or which play on our insecurities for the purpose of getting us to buy into a lifestyle (Hallden, 2017). Plus, the psychological effects of addictive nature of these platforms—the constant need to check notifications that has been inculcated in us—leaves us in a state of perpetual distraction, one that is deliberately designed to override willpower geared toward quitting; this limits our ability to focus and can negatively affect wellbeing (Lewis, 2017).

## Collective self-determination

The implications for collective self-determination are more worrying still. For one, control of these platforms is not democratic; there is no plebiscite for controlling how our data is used, as these are public companies that are only accountable to shareholders, not users. But there are more indirect effects as well.

## Media gatekeeping

The prominence of Google and Facebook as gatekeepers for the media means that media companies are “in a state of abject financial dependence” on these gatekeepers (Foer, 2017, p6), and must pander to the whims of their algorithms. This has led to the rise of engagement-driven journalism that becomes more and more of a commodity (Foer, 2017, p150), whereby these gatekeepers siphon the revenue that would have previously gone directly to the media (Franklin, 2014, p482). This forces them to compromise on journalistic integrity and instead devote resources to producing “clickbait” simply to stay financially afloat, at the expense of fulfilling the “democratically crucial watchdog function” of the Fourth Estate (Baker, 2004, p290). This has propelled the simultaneous phenomena of widespread fake news and personalised news feeds, both of which can have devastating effects on collective solidarity and capacity for informed debate (Morozov, 2014, p163). Not only does this undermine the general public sphere, it can also lead to increased political polarisation (Baker, 2004, p290).

## Tax avoidance and national sovereignty

Zooming out, we can see these corporations as symbolic of a larger economic transformation towards cognitive capitalism: a mode of production that remodels and reorganises the existing industrial landscape, whereby the assets of dominant corporations are primarily intangible (Moulier-Boutang, 2012, p48). This shift arose concomitant with financialisation—which becomes more and more necessary in order to *account* for the value of these intangibles (Moulier-Boutang, *ibid.*)—and with neoliberalism more broadly, whose primary goal can be said to be to “consolidate capitalist class power” (Harvey, 2011, p10) and which resulted in, among other things, the creation of “offshore” spaces and other vehicles for legal tax avoidance (Quentin, 2018; Aguiar de Medeiros & Trebat, 2017).

That's where Google/Facebook come in: both corporations are known to pay very little in tax on their vertiginous profits (Srnicek, 2016, p32). This results in "a drain on government revenues" that can exacerbate austerity (Srnicek, *ibid.*), or, alternatively, lead to an "ever more regressive tax system" through raised income and consumption taxes (Streeck, 2017, p21). Either way, the result is the weakening of national sovereignty: governments cannot "truly control their national economies, which are hostages to [...] capital in general" (Appadurai, 2017, p5). The ability of citizens to democratically self-determine is eroded by the prerogatives of transnational corporations like Google and Facebook to evade government coffers, and when combined with the decline in media accountability outlined above, this can fuel reactionary populist movements (Appadurai, 2017, p2).

## Global exploitation

Moving beyond the question of *how much* they should pay in tax is that of *whom* they should be paying. Presently, what little tax they do pay tends to accrue to the advanced countries in which they have offices or have booked revenue. Whether that is just is debatable. After all, this revenue is none other than "other firms' advertising expenditure", which itself comes from the "surplus extracted from workers who produce 'actual things'." (Bickerton, 2015, p147). More specifically, "the source of value that becomes Facebook's profits is the work done by the workers in the global fields and factories, who are producing the commodities being advertised to Facebook's audience" (Kleiner, 2017, p65).

In practice, this means that firms like Google and Facebook are able to achieve high profits *precisely* due to the exploitation of workers producing the commodities advertised through their platform. Due to their joint control of the digital advertising gateway, they occupy a dominant position in the global value chain of commodity production and so can extract the highest rents (Quentin, 2018; Aguiar de Medeiros & Trebat, 2017). This leaves little profit margin for those lower down the chain, and the inevitable result is the hyperexploitation of labour in areas where labour has little bargaining power (Quentin & Campling, 2018, p42).

This, then, is the true source of the value appropriated by these corporations: the systematic exploitation of labour, typically in the Global South (Quentin, 2018). This can also be framed in terms of World-Systems theory, in which higher profits are seized by the core at the

expense of those in the periphery, resulting in a “a constant flow of surplus value from the producers of peripheral products to the producers of core-like products” (Wallerstein, 2004, p28). Given that the “product” produced by these advertising platforms is facilitating the sale of commodities, their profits can only originate from the surplus value that then trickles up the global value chain of commodity production. Attempts to locate the source of value within the realm of audience labour, by treating time spent on these platforms as “commodity production time” in which we provide them with data on our preferences (Fuchs, 2014, p90), obscures the extent to which value extraction is actually predicated on an unjust system of global exploitation.

There is, of course, nothing new here; this is simply Silicon-Valley style neo-colonialism, whereby wealth that is extracted globally primarily benefits a lucky few in Mountain View or Palo Alto. Facebook and Google are merely among the vanguards of “platform imperialism” (Jin, 2017, p337), in which colonial relations are extended to the digital age under the guise of market freedom. The result is that poor and racialised workers in the global South are consigned to labour-intensive jobs in low-margin positions of the value chain, a subordination that is mediated by the putative neutrality of the market—which, of course, is quite capable of “bending pre-existing patterns of cultural value to capitalist purposes” (Fraser, 2004, p58).

## Regulation

Given the scale of the problems outlined above, it seems imperative that we find a way to address them through regulation. Lessig’s (1999) pathetic dot theory of technological regulation provides a useful framework for understanding the possibilities. Earlier, this essay argued that self-regulation—via the market—is unlikely due to the economic and cultural dominance of these platforms: neither users nor advertisers have much power individually, and potential competitors have little chance of disrupting the incumbents, being more likely to aim to be bought by them (Pasquale, 2015, p141). As a result, attempts at regulation should make greater use of the other avenues: code, law, and norms.

These avenues function symbiotically. Changes to technical architecture could result in shifting cultural norms through raising awareness of how much data these corporations have on users. Governments and supranational organisations could “establish a different legal

regime around data” (Morozov, 2015, p60), which would acknowledge the extent to which data that *should* belong to the individual is instead owned and sold by a corporation; this would not only force changes to technical architecture, but it could change user expectations around data ownership. Some elements of this are currently underway, such as the EU’s GDPR and efforts to prosecute social media companies for their involvement in the US election (Lewis, 2017). However, these will be limited in success unless they give full consideration to the unique barriers faced when regulating advertising technology platforms.

## Technical

The first barrier is technical, specific to the technologies deployed by these companies. There are “structural asymmetries of knowledge and rights” (Zuboff, 2015, p85) inherent in the way we, as users, interact with these platforms, which emanate from their algorithmic nature: their rules, and the values behind them, are “hidden within black boxes” (Pasquale, 2015, p8), and so they act as “gatekeepers unaccompanied by transparency and visibility” (Tufekci, 2015, p209). This invisibility makes it nearly impossible to understand them, much less contest them: “most of the time there is no jurisdiction and no court” (Hildebrandt, 2015, p12).

What’s more, the level of abstraction implicit in algorithms weakens the possibility of creators bearing the individual responsibility that Roger Silverstone advocated for in *Hospitality and Justice* (2007). Even to their designers, such algorithms—especially combined with large datasets—can behave in ways that are “both unpredictable and hard to explain” (Hildebrandt, 2015, p34). Furthermore, there is a self-sufficiency aspect of software that makes it engrossing to develop, allowing such developers to function on a very abstract scale, at “a certain distance from social or cultural norms”—in particular, ethical considerations (Fuller, 2008, p6). This makes it easy for decision-makers to implicitly abdicate responsibility for the consequences of their actions.

It is the combination of the opacity of algorithms and the high level of technical abstraction necessary to understand them that weakens accountability for these platforms. As a result, the rules encoded into the algorithms are decided by corporate fiat, by a group wholly unrepresentative of society at large: primarily white and wealthy men, embedding their biases into seemingly neutral technical choices; the result is to “drive discrimination upstream”

(Pasquale, 2015, p35). This is how we get algorithms that are able to discriminate against protected classes like race, as recently reported by ProPublica (Angwin et al., 2017); such discrimination is merely the unintentional outcome of building opaque systems without anticipating their ethical or legal implications.

## Economic

The other barrier to regulation is economic. Many of what we experience as downsides of these platforms—privacy intrusions, distractions, forced attention toward ads—are core to their advertising-based logic. Their very business model is to “sell opportunities to influence behavior for profit” (Zuboff, 2015, p85), and so “suppression of privacy is at the heart of this business model” (Srnicek, 2016, p101). Attempts to reclaim privacy or prevent them from influencing behaviour are thus in tension with their economic *raison d’être*, and they will resist, with all their considerable resources: investing in research to change public opinion (Rushe, 2017; Doyen, 2017); challenging legal decisions; framing regulation as anti-innovation (Schmidt, 2014).

## Conclusion

We are at a historically unprecedented juncture, where advertising-financed corporations like Google and Facebook have access to technology that lets them control our behaviour with greater and greater precision. Their never-ending quest for profits is abrading our capacity for individual and collective self-determination, and it is imperative that we respond before it is too late.

If we wish to respond *effectively*, we’ll have to grasp at the roots of their economic incentives, in order to understand how their actions are driven by much larger, structural forces. We’ll have to diagnose advertising as a symptom of the need for perpetual growth that functions as the engine of our economic system, and we’ll have to acknowledge the degree to which the actions of Google and Facebook are indirectly driven by precisely this need. In that vein, we’ll have to see breaches of privacy or issues of tax avoidance not as isolated incidents but instead as endemic to our economic system.



Most of all, we'll have to accept that technological innovation, so often thought of as a liberatory force for good, can be so easily subordinated to the “prevailing, hegemonic social rationality” of the capitalist class and thus be “implicated in social power” as a tool of oppression (Kirkpatrick, 2008, p72). In the case of advertising platforms, this oppression isn't limited to the direct users of the platform, but has global ramifications in the form of maintaining economic dominance over large swathes of the world's population through global value chains. Resisting this requires a truly *transformative* approach à la Nancy Fraser (2004, p74), one which addresses the underlying economic factors that led to their dominance in the first place.

The stakes are high, and the threats to self-determination that these corporations pose are numerous. Every day, these corporations solidify their control over our economy and over our lives, and their technological chains get harder and harder to break.

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## Feedback

In this essay, the student argues that private companies like Facebook and Google are driven by their profit models to erode conditions of self-determination and that this material power has profound effects for the Global South. The strength of this paper lies in evidence mobilized to demonstrate the ways in which these companies generate and maintain wealth, not only on the basis of monetizing personal data, but also on practices of legal tax evasion. What's less strong is the essay's conceptualization of individual and collective self-determination, the demonstration of erosion of individual and collective self-determination in the Global South, and under-explained critique of Lessig's "pathetic dot theory of technological regulation" (page 7). In order to tighten this essay, the student is advised to address those three main critiques, as well as consider drilling down to one country in the Global South that would illustrate both the issue of tax avoidance and personal data

exploitation. In other words, the essay could combine both breadth and depth to advance its sophisticated critique. With that said, a generally strong essay that is persuasively framed and well read. Mark: Distinction



