

Communication policy in the age of Facebook

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Introduction

It is a pleasure to be given this opportunity to reflect on communication policy, a subject I have taught and practiced in multiple countries over multiple decades. I have been fortunate to have entered the field at a time of rapid change and to have been able to witness the changes and, in some little ways, to contribute to them.

I will quickly place today's communication policy making activities in historical context and move on to address the challenges, both operational and theoretical. I illustrate the challenges using examples from our region, including the recent zero-rating controversy.

Historical context

National communication policy gained high profile in the 1970s (Rahim, 1977; Samarajiva, 1984) in a very different political and economic environment than what exists at present. This was when the European theaters of the Cold War had stabilized and the areas of contestation had shifted to the developing world. The optimism that we now experience because reforms in China and India have moved millions out of poverty and enriched many in their middle classes was then absent. It was a much bleaker time.

Then, the dividing line in the debate was about whether the state had any role as a provider of communication services. Opponents of UNESCO's promotion of national communication policy saw any discussion of a role for the state in communication policy as a stalking horse for state control and censorship. The proponents saw an urgent need for action outside the market to promote development and to compensate for market imperfections. Both saw national communication policy as necessarily involving a role for the state as an actor in the communication industry (Beltran S., 1977).

This was a reflection of broader economic debates that culminated in proposals for the New International Economic Order, drawing heavily from the thinking of Raul Prebisch (1950). Having seen the surge of economic growth in the Soviet Union under central planning, and influenced by Fabian thinking that saw a need for the state to control the "commanding heights" of the economy, nationalization of private enterprises and establishment of state-owned enterprises were popular those days. If the state had to control the commanding heights of the economy, should it also not control the commanding heights of society? Government-owned steel mills and nationalized banks were not producing the promised results and were in many cases creating additional problems. One explanation

was that these policies were wrong. For those who did not want to accept that explanation, there were others.

One possible explanation was that the fault was in the people. They were not working hard enough; they were not committed enough to the cause of national development, they were unappreciative of the need for order and stability, and so on. This was because of the institutions that shaped their thinking, including the media. If the media could be compelled to do a better job, the people would behave better. A “new man” would produce a developed economy. Intermingled with this were other concerns, such as the difficulties of maintaining political power and/or stability and irritations about how western media covered events in developing countries. Intended or not, the state was positioned as the central actor. Inadequate attention was paid to fundamental problems of the state in developing economies (Samarajiva, 1987).

National policies today

Today, there is little evidence of opposition to national policy per se. There are, of course, significant disagreements about what the content of national policies should be and how they should be implemented. And there is wide variation on the quality and comprehensiveness of policies and their implementation.

Almost all developed market economies periodically adopt communication policies or strategies, one of the most recent being by the UK Department of Culture, Media and Sports (2017). The purpose of these documents, variously described as policies, strategies and roadmaps, is that of providing a degree of certainty to the many actors active in the communication space. In the ideal case, such policies are broadly consulted and have the buy-in of most, if not all, government and non-government stakeholders. Having been approved by government through Cabinet or a similar superior committee and thus being difficult to change, there is a degree of rigidity to these policies which provides certainty to actors, especially to investors. Generally, these documents have to be complemented by more specific plans that set out targets, identify resources and assign responsibilities for the completion of tasks.

In India, especially in the central government, telecom policies tend to be developed through consultative processes and are taken seriously. It is often possible to establish causal relationships between what happens in the sector and what is written in the policy (Kathuria, 2000). For example, the new telecom policy of the Government of India (1999) converted the unviable payment structure imposed on mobile operators when originally licensed, into a royalty-based scheme. This made a significant contribution to the subsequent efflorescence of mobile telecommunications in India. On the other hand, the track record in broadcasting policy has been poor (Kumar, 2003; Kumar, 2007). Despite the floating of many drafts, a national policy has not been finalized and efforts to create an independent regulatory authority have been still born.

In other countries such as Bangladesh, Nepal and Sri Lanka, policy formulation and implementation is weak. The last proper national telecom policy in Bangladesh dates back to 1998, and in Sri Lanka to 1994. Nepal adopted both a National ICT Policy and a Broadband Policy in 2015, but examination of earlier drafts (Government of Nepal, n.d.) showed that they were more in the nature of wish lists than actionable and resourced policies.

The Bangladesh and Sri Lanka policies were threadbare and had become obsolete long ago. Efforts to replace them with more modern documents have failed to go the distance, though some kind of policy appears to have been slapped together in Bangladesh (Daily Star, 2016), while the old policy is what is still displayed on government websites. However, the lack of formal policies does not appear to have caused serious damage to the sectors, which have kept growing and innovating. Of course, the question of whether they would have done even better if good policies were in place and were scrupulously implemented remains open (Samarajiva, 2008).

Challenges for policy formulation in the communication space

Operational

The practical aspects of formulating and implementing policy in the communication space have become increasingly challenging. In the old days, the scope or coverage of policy was narrow. Print media were distinct and separate from electronic media. Telecommunications were not even seen as having a connection with media, except in the USA and Canada where privately owned long-distance transmission facilities carried both voice communication and the content of network radio and television systems. A single Ministry used to be able to make and implement policy with a defined scope.

In recent decades, convergence on a scale that was difficult to envisage in the 1970s has occurred. Television supplanted newspapers as the primary source of news, only to be overtaken by social media, at least in developed market economies and even in some developing ones. Television programs are being watched not only on desktop and laptop computers, but even on the small screens of smartphones. In countries where cable was the primary means of gaining access to television content, cable is surviving only in instances where they successfully made the transition to delivering fast Internet access.

Main stream media (MSM) and new media compete for the finite amounts of attention that are available. As television gained attention, newspapers lost readers. By 2016, 62 percent of US adults obtained news on social media, and 18 percent did so often, according to a survey by Pew Research Center, conducted in association with the John S. and James L. Knight Foundation (Gottfried & Shearer, 2016). In the final analysis, media convergence is less about the same “pipes” being used and more about the same attention being sought by different media.

The shift may be illustrated also with data from Sri Lanka, a backward country in terms of new media. A recent report by the Secretariat for Media Reforms (2016) reports that advertising outlays (LKR 1 billion or INR 500 million, and growing) already being spent on new media in Sri Lanka as opposed to around LKR 30 billion (or INR 15 billion) on all advertising. Mobile phones are now the most common electronic device in homes, followed by TV and radios. Most people access the Internet over mobile devices.

A representative-sample survey of media consumption in the Western Province (with 42 percent of the economy and around 30 percent of the population of Sri Lanka) released by the Centre for Policy Alternatives (2016) found that “private television is the most popular source of news for the respondents, followed by Facebook and the Internet/web. When breaking down the findings by age category, Facebook is the main source of news for the 18 - 24 year respondents followed by private television stations and the Internet/web.”

The Western Province is not Sri Lanka and 18-24 year olds are not the entirety of the population. But as the leading province, it is the best available guide to the future trajectory of media development in the country. MSM are already losing the attention of a key demographic. As this demographic ages, they will take with them the habits and preferences formed as they became adults. The subsequent cohorts will not revert to MSM. Advertising rupees will follow attention. MSM in the current form will shrivel and die. The few that succeed in becoming trusted content providers on new-media platforms will survive.

In Myanmar, until recently at the bottom of ICT performance indicator tables but is now in the midst of rapid growth, LIRNEasia (2016) research showed that in mid-2016, 83 percent of households had a mobile phone, more than TV (61 percent) and radio (16 percent). Of those who owned phones, 78 percent owned smartphones, a percentage in the same range as in the United States. Among owners, 49 percent used data services and 35 percent used Facebook. Twenty one percent of phone owners used Facebook every day. In 2016, TV and radio were given as the primary source of information by 9 percent and 4 percent, respectively, of those in 15-65 age group. Internet was the primary source of information for 9 percent and calls over mobile for 15 percent. Newspapers were negligible.

So it would not make much sense now to come up with different policies for television, radio, newspapers, etc. paying no heed to new media. But bringing new media, with their user-generated content and algorithms for prioritizing what the users see would require stretching the conventional capabilities of media ministries and their experts.

A communication policy that does not include a section on security, would now be considered incomplete.¹ Communication regulators have begun to address the terms and conditions of interconnection between different mobile financial services, a topic that is normally within the remit of financial regulators (Jaindi, 2017).

Not only does ICT policy have to cover hitherto distinct subjects such as telecom, Internet, radio and TV, but it also has to address what is done over the electronic platforms. For example, the UK Digital Strategy includes actions and commitments related to healthcare delivery such as electronic patient records, apps and wearable devices, telehealth and assistive technologies.²

What all this means is that it has become very difficult to develop and implement a coherent communication policy under a single ministry as in the past.

Theoretical

Though difficult, it is possible to develop a comprehensive, modern policy for the communication space through diligent consultation and the involvement of multiple agencies of government. But it would suffer from a fundamental instability. This is because the media (broadly defined) are no longer just a segment of the economy. They are at the core of the economy. It is difficult to define the bounds of communication policy, which keep shifting and expanding. This is the underlying cause of the operational difficulties.

¹ <https://www.gov.uk/government/publications/uk-digital-strategy/5-a-safe-and-secure-cyberspace-making-the-uk-the-safest-place-in-the-world-to-live-and-work-online>

² <https://www.gov.uk/government/publications/uk-digital-strategy/summary-and-annex>

The business model pioneered in newspapers by Pulitzer in the waning years of the 19th Century migrated to the Internet via television and radio. The essence of this business model was the aggregation and sale of attention, in the form of audiences. The evidence of its rise was the decreasing proportion of revenue derived from direct payments by subscribers by a supplier of media content such as a newspaper or magazine. With private radio and television channels, the price to a consumer went down to zero. Over this period, the “attention economy” became established and understood.

Nobel Laureate Herbert Simon (1971) first described the attention economy: “Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.” What this means is that the most scarce, and therefore most valuable, commodity today is attention.

Attention is the precondition for the occurrence of a transaction (an exchange of value) and, thereby, of economic relationships (iterated transactions). Not all aggregations of attention (audiences) are markets, but all markets require the assembly of attention (production of audiences). In the marketing literature, the term “prospect” is used to describe a person likely to become a customer. Prospects are better described as audiences, because attention is central to the success of conversion to customer (Samarajiva, 1997, p. 286).

Contrary to expectations by 1980s thinking exemplified by the title of a book by Mosco (1989) “pay-per society,” the dominant business model for ICT-centric enterprises has been the extension of what first emerged in mass media: give away content below cost and monetize the attention. Expectations of the replacement of flat-rate or free models by use-based pricing were created by the ability of emerging systems to measure use at negligible cost and the resulting reduction of transaction costs of billing. But as Hotmail, Google and Facebook demonstrated, free was a price that was difficult to beat.

It was true that the new ICT-centric enterprises collected data on use at negligible cost. But this was not for the purpose of “metered use” as expected by Mosco, et al. It was to produce meta-audiences, meso-audience and audiences (Samarajiva, 1997, p. 287):

An audience is defined as persons attending to a specific message. This [definition] stays close to the core meaning of an audience as an auditory collective. . . . The audience does not have to be in the same place or be paying attention at the same time. Those attending to a message need not reach a common understanding, nor does attention have to be efficacious from the communicator’s perspective.

A meso-audience is defined as persons likely to attend to a class of messages. A “daypart,” a term of art from the television industry, is an example. There is no presumption that all those within a meso-audience will end up in the audiences intended The more effective the process of producing a meso-audience is, the greater the probability of that outcome. . . .

A meta-audience is defined as that from which meso-audiences and audiences may be produced. Uses such as “the audience for Channel 6” or the “television audience” would fall within this definition. Subscribers to the Internet would be another example. . . .

The case of zero rating illustrates the value of these theoretical distinctions. It was a highly controversial policy issue in India, which involved mobile operators, Internet companies, e-commerce providers and

even newspaper companies. The Telecom Authority of India (TRAI) consultations attracted in excess of one million submissions.

Zero-rated data are data that are not counter toward the user's quota under the data cap. When a specific application or content is zero-rated, the user may consume an unlimited amount of that specific content without incurring data charges (Galpaya, 2017, p. 2). One reason for the incoherence of regulatory decisions (evidenced by TRAI having to revisit the topic repeatedly) is the inability to understand the economic basis of zero rating and the incentives of the key players.

Galpaya (2017, p. 3) states that "zero-rated data provision is [not] costless. . . . Some other entity in the Internet value chain bears the costs. Usually, it is the MNO [mobile network operator] or the OTT player [Internet company] (or both) who bears them. The cost of the user's bandwidth to access the zero-rated content is borne by the MNO, or paid to the MNO by the OTT player, or shared between the MNO and OTT player, depending on how the specific business model is structured."

The interests of mobile operators and Internet companies such as Facebook diverge on many issues such as taxation, lawful interception, etc. In the case of zero rating, their interests are aligned, both preferring to work out the zero-rated offers between themselves without regulation. It is well known that mobile operators see Internet companies as long-term existential threats.

For many, the offering of zero-rated content by mobile operators is understandable as part of a strategy to convert voice-only customers to voice-and-data customers by giving away some attractive content (but leaving some desirable content just beyond their reach) or zero-rating specific content for a limited introductory periods. Beyond the give-away is the prospect of greater revenues. By increasing the number of data users on their networks, the mobile operators also increase the attractiveness of the meta-audience they produce. In a competitive environment, that larger the meta-audience, or the higher-quality the meta-audience (having more purchasing power or similar characteristics that may be described through data analytics), the greater the negotiating power the mobile operator will have vis-à-vis producers of meso-audiences or audiences.

But understanding the motivation of Internet companies that do not get any payments from the users of their services is a greater challenge. The only revenues that come to the Internet companies are from advertisers. At the present time, Facebook and other Internet companies may be seen as producers of meso-audiences. They can describe the meso-audiences in much greater detail than can the mobile operators and can offer raw material for the production of audiences unlimited by national boundaries. Because the content that attracts the meso-audience as well as the data are contributed by the users themselves, the costs of producing the meso-audience are low. As a result, they are making money hand over fist.

Mobile operators and Internet companies are adversarial because of signs that the Internet companies may not be content to limit their activities to the production of meso-audiences but may be reaching down to the level of meta-audiences through their experimentation with fiber to the home (now discontinued by Google), balloons floating 18 km above the ground (GoogleX's Loon), and drones (Facebook) and less directly through investments in undersea cables and interventions in spectrum auctions. Seeing the revenues being earned by the producers of meso-audiences, telecom operators are also making efforts to enter that level, as evidenced by the recent roll-back of restrictions on data

collection by telecom operators by the Federal Communications Commission (FCC) in the United States (Kang, 2017).

But the key point is not simply that attention is shifting from one medium to another. It is that attention is becoming central to the functioning of industries beyond MSM. This is what is happening with e-commerce businesses such as Myintra and Amazon and even with taxi ordering platforms such as Uber. In the same way that Pulitzer gave away his newspaper for less than the cost of producing it, e-commerce companies are giving away their services for less than cost of production. Those still thinking with old categories call it “capital dumping” (Sehgal, 2017), an inane term if there was one.

But if one steps back, it is possible to see that the services are being subsidized in order to establish the largest possible base of customers with loyalty to the company which is sought to be ensured by heavy advertising and data analytics. Through apps and various other means, the old search for prospects is being transformed to a contest for audiences. The art of holding customers is still a work in progress, so success is not guaranteed.

Conclusion

The communication space has been transformed by the attention economy. Thinking on policy has changed, with policy expected to set the ground rules for all participants rather than just define the role of the state. Operational challenges are significant given the difficulties of delimiting the scope of communication policy. But even more challenging is that theory has not caught up with practice. What is now being done is akin to driving, looking in the rearview mirror (McLuhan & Parker, 1989). It is when policy is informed by theory that accurately reflects the world as it exists that we are likely to see practically adequate policy.

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