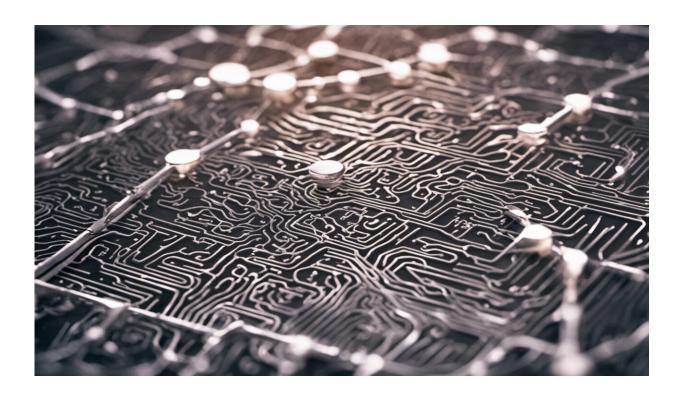


Privacy pivot: Facebook wants to be more like WhatsApp. But details are scarce

March 12 2019, by Sacha Molitorisz



Credit: AI-generated image (disclaimer)

Facebook founder Mark Zuckerberg delivered a 3,000+ word post last week, spelling out a new vision for the social network.

It prompts just one small question: Facebook, who are you?



Zuckerberg's essay, entitled "A <u>privacy</u>-focused vision for social networking," signals a radical shift. Since its launch in 2004, Facebook has encouraged openness, connection and sharing. But now, it would be "privacy-focused," featuring encrypted services and content that "won't stick around forever."

Facebook will, says Zuckerberg, transform from open to intimate, from town square to living room. In total, the words "privacy," "private" and "privately" appeared more than 50 times. As Zuckerberg wrote: "Over the last 15 years, Facebook and Instagram have helped people connect with friends, communities, and interests in the digital equivalent of a town square. But people increasingly also want to connect privately in the digital equivalent of the living room."

A leopard changing its spots? This is a leopard changing into a zebra. Or would be, were it to eventuate. <u>As Wired put it</u>: "The company pulled the emergency brake, yanked the steering wheel, and turned in reverse."

Circling regulators

Facebook has a privacy problem. Zuckerberg admitted as much in his post: "Frankly we don't currently have a strong reputation for building privacy protective services."

Two words: <u>Cambridge Analytica</u>. Suddenly a potentially esoteric proposition – that invasions of privacy can compromise democracy – was demonstrated on a grand scale.

Meanwhile, Facebook is under scrutiny for its role in <u>spreading</u> <u>misinformation</u>, while a further chorus argues that Facebook and other <u>digital platforms</u> pose <u>an existential threat to journalism</u>. In response, regulators are stepping in globally.



In Europe, the <u>General Data Protection Regulation</u> came into effect in May 2018, creating stringent requirements for data protection, including codifying the "right to be forgotten."

Last week, the UN's Special Rapporteur on Privacy released his annual report, urging that all countries make it a priority to adopt "provisions equivalent or superior to the GDPR."

In June, <u>California passed a sweeping consumer privacy law</u> setting the strictest data protection standards in the US. It gives Californian residents a range of rights, including the right to be informed about what kinds of data have been collected and why it was collected. It comes into effect in 2020.

In the UK, two reports released their findings last month. First, <u>the Cairneross Review</u>, entitled "A <u>sustainable future</u> for journalism," found: "Public intervention may be the only remedy [...] The future of a healthy democracy depends on it."

A week later, a committee of the House of Commons delivered <u>its report</u> <u>into "fake news"</u>, finding: "Companies like Facebook should not be allowed to behave like 'digital gangsters' in the online world."

It urged "proper regulatory oversight," and its recommendations included the significant proposal that even inferred data should count as personal information, and thus be protected.

ACCC: the watchdog bites

Meanwhile, the Australian Competition and Consumer Commission (ACCC) has been conducting its far-ranging inquiry into the impact of digital platforms. Zuckerberg would be well aware of the ACCC's inquiry. Touted as a world first, it's on the radar of digital platforms and



regulators internationally.

In December, the ACCC released <u>its preliminary report</u>, recommending an ambitious list of interventions to address concerns about privacy, competition and adverse impacts on the news industry. Facebook wasn't happy.

On the very same day that Zuckerberg published his "pivot to privacy" post, <u>Facebook released its 80-page response</u> to the ACCC's 374-page preliminary report.

The Facebook response accused the ACCC of serious overreach. Facebook's language was unrestrained, including phrases such as "extraordinary step," "government takeover of [...] News Feed" and "unprecedented regulatory intervention." Facebook was particularly opposed to the notion of a regulator to oversee how algorithms display ads and news. Facebook also argued "data does not confer market power."

There are two points to note here. The first is that these complex issues are difficult to disentangle. This means it can be hard, for instance, to think clearly about the issue of privacy, when it is interwoven with other issues.

The second is that Zuckerberg's post must be viewed in context. Globally, regulators are on the move, and their actions have the potential to challenge business models. That is, to disrupt the disruptors. Companies have <u>come out swinging</u>, for instance, against California's new privacy law.

Apart from anything else, Zuckerberg's post sends a clear signal to regulators: we understand your concerns about privacy, are taking them very seriously and are working to address them.



It's all about privacy

The future according to Facebook is privacy-focused. Beyond that, the timeframe is long and the details are scant.

As Zuckerberg writes: "I believe the future of communication will increasingly shift to private, encrypted services where people can be confident what they say to each other stays secure and their messages and content won't stick around forever."

In other words, Zuckerberg seems to be saying that the future of Facebook is WhatsApp, which he cites several (14) times in his post. He also mentions "interoperability," which will enable people to message easily across various services.

But these changes won't happen tomorrow. As Zuckerberg writes, the changes will require "a few years." Such a radical recode takes time. For now, Zuckerberg himself isn't clear what the future Facebook will be, exactly.

He says he doesn't even have a business plan. This is one of <u>the key concerns</u> that has been raised about Zuckerberg's "privacy-focused" vision.

Facebook makes money by knowing its users and then attracting advertisers. In 2018, <u>Facebook made 98% of its revenue</u> from advertising. How will a platform built primarily for encrypted communications make money? Making money in a town square is one thing; but making money in a living room?

<u>In an interview last week</u>, Zuckerberg said the business plan will work itself out. His approach involves three steps. First, refine the consumer experience. Second, focus on enabling users to "organically interact with



businesses." And third, "focus on paid ways that businesses can grow and get more distribution."

Facebook is still in phase one of building this private messaging platform. "We're really focused on nailing the consumer experience [...] If we do that well, the business will be fine."

The future

On the oversight of its algorithms, Facebook <u>fiercely objects</u> to regulation. But on privacy issues, Zuckerberg and Facebook now say they are open to the idea. As Facebook wrote in its response to the ACCC: "we recognise the need for, and support, strong economy-wide privacy regulation."

And as Zuckerberg wrote in his post: "A lot of this work is in the early stages, and we are committed to consulting with experts, advocates, industry partners, and governments—including law enforcement and regulators—around the world to get these decisions right."

Zuckerberg's "privacy-focused" vision is laudable. But Zuckerberg also writes that those who want a town square can still have it. "Public social networks will continue to be very important in people's lives."

Does this mean Facebook will remain Facebook, and won't become WhatsApp after all?

Facebook says it's changing. Time will tell. In the meantime, privacy is under threat, news and journalism are suffering, and the algorithms employed by digital platforms are worryingly opaque. Whatever Facebook turns out to be, all of the ACCC's preliminary recommendations warrant careful consideration.



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