

Policy Brief

Research and Policy Making Through the Data of Platform Enterprises

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Data Power Structures in Canada: Towards Maximizing Public Value

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1. Introduction

Platform capitalism is considered to be the emerging new approach to managing production and consumption in the global economy. It is marked by the intensive use of data to create new marketplaces that intermediate a variety of different types of transactions through digital platforms (Langley & Leyshon, 2017)¹. One widely espoused but unproven theory of platforms is that they use data-intensive models to help people share resources more effectively with efficiency gains for the overall economy. It is currently unclear whether platforms are solving a very real problem of our contemporary world, or just disrupting older forms of solving those problems in order to assert new forms of control.

With this in mind, this study examined two goods sharing platforms in the Vancouver, British Columbia area with a view to understanding how they collect, manage and use data; the logic that informs their business practices; how they value data; and what this means for the nature of the emerging data regime in Canada, and its data power structures.

2. The Canadian context

Canada's data regime is in a moment of transition. We currently have a pro-market, self-regulatory, consent-based regime focused on individual privacy, plus open flows of data across borders. It seems likely that we will retain some version of this regime, but fine tune it to enable the capitalist insertion of Canadian companies into key international markets, where they can establish a dominant position. These include the e-health, mining, and agriculture sectors. This new regime will be based on re-calibrating the current balance between the innovation needs of companies, and the privacy demands of citizens, and will set the context for all other platform players in the Canadian market-place, including small for profit and local non-for-profit/cooperative operations.

3. Policy gaps

In Canada's current data policy regime, privacy and data protection standards are designed to enable business success. It provides citizens with very little insight into how their data is managed and leveraged by private companies, and it seems as if the new National Data Strategy will continue in this vein.

Similarly, data audits, as conceived by instruments such as the GDPR, serve to ensure that companies are managing the balance between innovation and privacy in ways that are congruent with their operational success. These audits are designed to help organizations make effective strategic decisions about data use. Thus, they offer a relatively low bar for platform companies, because the companies already see privacy and data protection as essential to maintaining positive relationships with their users. In addition, since data audits prioritize data privacy, they form part of a system that establishes the legally acceptable terms on which businesses can dispossess individuals of their personal data. Meanwhile, their focus on data security aligns with the pursuit of network effects through control over a particular market space.

Data audits contain 'global' insights that citizens would be interested in, such as the types of data that are collected, how personal data is combined with other data, the affordances of particular information systems, or the location of data storage. However, citizens have no right of access to this type of 'global' information, and companies have no requirement to provide it.

¹ Langley, P. and Leyshon, A. (2017) 'Platform capitalism : the intermediation and capitalisation of digital economic circulation.', *Finance and society*, 3 (1). pp. 11-31.

What citizens can do is demand an account of all the personal information that companies hold about them. However, this data is completely disassociated from the systems that process it, so recipients cannot know, with precision, how their personal data was being used. What is more, Canadian companies are not beholden to any particular definition of 'personal data', so they have considerable leeway in interpreting personal data requests. Individual information gathered through heat map studies, for example, is not typically included in personal data provided to users.

We also observed that all the data collected by the two platforms studied are directly relevant to their operational objectives, which come back to monitoring platform activities, the achievement of network effects, and driving greater activity in the space (Srnicek, 2016). At the time of the study, neither platform studied was gathering data relevant to their social mission (more on this below).

Statements about the social value of data tended to be broader and less precise. The platforms both described themselves as spaces of community-building, social connectivity, waste reduction, and cultural change. When asked if they would be willing to share their data with local governments or community organizations to help advance these goals, the answer was no. Data is integral to the competitive advantage of platforms, so they are unlikely to share it. But also, the extra work required to make data socially useful creates costs for the platforms, and may raise questions with users. There is also the question of legal liabilities, such as privacy laws, which interviewees pointed out would prevent them from sharing user data.

4. Key implications

The ballot question driving national data policy in Canada -- what is the right balance between the privacy rights of individuals and the ability of firms to innovate? -- is wrong. Industry likes this question because it pushes discussion in the direction of identifying the minimum terms required to extract data from individuals. This sets up a system in which individuals provide their personal data in exchange for access to a particular service, and the data holder attains the ability to not only establish the terms of that service, but also extract ancillary benefits from holding a data set. At the same time, this ballot question completely avoids the question of data and datafication. Thus, it avoids any discussion of whether and how platforms should quantify people's lives, and mobilize that intelligence, or any discussion of alternative forms of datafication that firms may view as too costly or burdensome.

What if the ballot question was different -- what is the best way for the community to invest its data? This question shifts the primary objective of data collection away from profits and markets and towards community benefits, and it emphasizes data, data rights, and data justice.² This doesn't mean that privacy goes away as an issue. It simply means that privacy is resituated. We shift our attention from identifying data collection and management systems that create the most value for companies given the limits of privacy, to identifying data collection and management systems that create the most value for society given the limits of privacy.

Audits that focused on the operational potential of data prevented us from thinking creatively about how data can help solve the problems of affordability, sustainability, and community connection in Vancouver. In part this is because the business systems we were auditing had reduced the vastly complex problem of consumerism to an information system that profits by helping lenders and borrowers find each other. We need to look at the bigger picture if we are going to think about data in ways that serve the community.

² An example is Sao Paulo's innovative ride hailing regulatory framework, which uses information systems to monitor the road use of transportation providers, and then uses price incentives on kilometer credits to rationalize use of road infrastructure around community needs. See Ferreira et al., 2018.

This can be illustrated. Consider, for example, that Vancouver communities have far more items available to them than are required to fulfil the required use hours of those items. This can be the case because most of those items are inexpensive. They are inexpensive because they are low quality, which means that they are single use items that wear out quickly and end up in landfills. Sharing platforms may actually incentivize this harmful consumer cycle by giving people extra justification to buy low quality items. A high quality item, in contrast, can be shared among many users, and can be repaired when it breaks, so it is a much better investment for a community in the long run. The community can afford these high cost items if they are shared among many users.

In this scenario, information systems that serve the needs of the community would enable audits of whether platforms lead to lending and borrowing of high quality, repairable items. They would be driven by data management practices that leverage personal data to promote the use of high quality items over inferior versions. They would, in turn, be supported by policies that require manufacturers to put RFID tags in their products so that the government can publish open data about the longevity, use-intensity, and landfill or recycling costs of the goods. This would, in turn, inform intelligent consumer choices, and enable sharing initiatives to track their impact in terms of landfill diversion or reductions in carbon emissions.

This type of data system would establish a business case for policies that disincentivize consumerism. This is really important, because as noted above, sharing initiatives can never hope to compete in a world awash in consumer goods. The convenience of consumer goods is just too tempting, and the inconvenience of returning a borrowed item is just too burdensome. Without the right incentive structures, sharing operations will be relegated to either specialty niche markets (high end camera equipment), or low impact spaces of communal engagement (local parks). Policies that address designed obsolescence, reparability, or material qualities would remove the competition that sharing platforms currently face by dramatically increasing the price of consumer goods, and this would lead to business success in the sharing sector that actually serves the community.

Data policy could, in total, produce wins for both community and business, but that is not the current situation in Canada, nor is it likely to be in the near future. Instead, when you look at the wider Canadian context, attention is focused on the problem of positioning a middle-power country, with an advanced economy, in a new economic reality. As Wolfe (2018) explains “the success of [Canada’s] domestic firms in the digital age will depend on their ability to develop and scale up products that can sell into these global markets”. Because of this overarching focus, data is positioned primarily as a resource that serves the needs of market-makers, rather than as a means to improve the livability of communities. Privacy regimes become the means by which companies establish legitimate claim over the data of individuals, and incorporate them into information systems that are designed to achieve particular ends.

Lastly, there is no clear support in Canadian data policy for citizen data literacy, citizen data audits, or including citizens in platform governance. Data rights are organized to make the market function, and not to support the strategic work of users or governments. As a result, local initiatives that are trying to solve community dilemmas are suspended within a model that prioritizes competition, efficiency, and profits over access and effectiveness. The data gathered by goods sharing initiatives is rendered not just inaccessible, but also inappropriate, as a tool for other community building, planning or research exercises.

5. Policy recommendations

To address the above policy gaps, key policy recommendations emerging from this analysis include:

- Treat datafication as a means to force investment in innovation, workers, and community, rather than as a means to extract value from communities.
- Explore ancillary data regulations, such as the mandatory and open datafication of production and distribution processes in ways that support the digital economy.
- Research the use of data as a 'lever' to incentivize changes in larger processes of production and distribution (rather than as simply a resource to be exploited).
- Provide support for creative industries or innovation clusters to explore new forms of data production that can enhance the 'data-driven economy' without drawing on personal information.
- Support the formation of industry associations to represent data-intensive platform companies that work in alternative or green economy spaces.
- Mandate forms of data audit that drive innovation and facilitate community engagement.
- Establish systems that facilitate citizen data audits of the private sectors' use of personal data.
- Establish criteria for the valuation of data-intensive companies that reflect their contribution to the community.

