

# Facebook reaches deal with Australian government

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The standoff between the Australian government and the social media giant Facebook came to an end on Tuesday when a deal was reached, revealing that the conflict was not about protecting “quality journalism,” the “defence of democracy” or any of the other issues raised in the battle, but centred on money.

The agreement ended a five-day shutdown by Facebook to news services covering the main media outlets, other news sites, including the *World Socialist Web Site*, and community and other outlets. It sparked widespread outrage as millions of Facebook users discovered last Thursday that their activities on the social media platform had been suddenly cut off.

The deal involved an amendment to government legislation, backed by the opposition Labor party, that would have required Facebook to pay news outlets, principally the Murdoch-owned News Corp and Nine Entertainment, now the owner of the former Fairfax chain of newspapers, for content under a bargaining code.

Under the amended legislation, an additional round of negotiations with media companies would be required before binding arbitration begins. There would also need to be acknowledgement of any agreements reached by Facebook with publishers. Arbitration would be a “last resort” following a period of negotiation lasting no longer than two months.

Facebook has said it intends to strike deals with Australian media organisations to pay for content.

In the aftermath of the agreement, both sides attempted to cover their position with statements that they were upholding high principles.

Australian Treasurer Josh Frydenberg said there had been “constructive” discussions and it had been a difficult process “but these are really important issues.”

Referring to the international implications of the

dispute, Frydenberg said there was “no doubt Australia has been a proxy battle for the world” and Facebook and Google knew that the eyes of the world were on Australia.

Media coverage of the dispute in Australia and internationally has presented it as a conflict between democracy and globally dominant high-tech giants.

An article published in the *Financial Times*, authored by Marietje Schaake, international policy director at Stanford University’s Cyber Policy Center, was typical.

She described the “fierce battle” over the Australian media laws as “the latest test of the relationship among democratically elected legislators, media companies and Big Tech,” previewing fights when other countries seek to curb the powers of huge technology platforms.

“It is worth being clear about these battles at the outset, that only one party has a democratic mandate, the other two do not,” she wrote.

Another comment in the same newspaper said the aim of the Australian government legislation was to ensure that Google and Facebook “pay more cash to support local journalism.”

The notion that the Australian government stepped forward as a champion of democracy or a defender of quality journalism is a total fiction.

What actually happened was that the government acted on behalf of the Australian media giants to support them in their efforts to claw back some of the millions of dollars in advertising revenue they have lost to Google and Facebook.

The statements issued by Facebook were no less hypocritical as they attempted to invoke high principle.

Campbell Brown, the vice-president of global news partnerships at Facebook, said: “It’s always been our intention to support journalism in Australia and around

the world.” The company would continue to invest in news globally and “resist efforts by media conglomerates to advance regulatory frameworks that do not take into account the true value exchange between publishers and platforms like Facebook.”

She also indicated that Facebook would be prepared to re-impose the news shutdown but hoped “there will be no need for that step.”

Recognising the damage that had been done, Facebook vice-president for Global Affairs Nick Clegg, former leader of the Liberal Democratic Party in Britain and one-time deputy prime minister, issued a post defending the company’s actions.

Clegg said the decision to shut off news was not a decision taken lightly but the company had to take action quickly before the new law came in force. He claimed Facebook had “erred on the side over over-enforcement” and some content was blocked inadvertently.

He took issue with the assertion that Facebook steals or takes original journalism for its own benefit saying this was an upside down portrayal of how news and information flows on the internet. He pointed out the publishers themselves have buttons on their articles to share them claiming that in this way Facebook had generated 5.1 billion free referrals to Australian publishers worth an estimated \$A407 million to the news industry.

Seeking to restore Facebook’s battered image, he said it was more than willing to partner with news publishers and that “we absolutely recognise quality journalism at the heart of how open societies function—informing and empowering citizens and holding the powerful to account.”

He said the company had spent \$600 million to support the news industry since 2018, reaching agreements with a string of news companies internationally and intended to spend \$1 billion more over the next few years.

While not directly naming it, Clegg took a shot at one of the main instigators of the Australian government’s legislation—the Murdoch-controlled media giant News Corp.

“It is ironic,” he wrote, “that some of the biggest publishers that have long advocated for free markets and voluntary commercial undertakings now appear to be in favour of state sponsored price settings. The

events in Australia show the danger of camouflaging a bid for cash subsidies behind distortions about how the internet works.”

There are important political lessons to be gained from this experience by the working class in Australia and internationally. They can begin to be drawn by puncturing the fictional self-promotions advanced by both sides.

Much as Treasurer Frydenberg and the Morrison government would like to drape themselves in the toga of democracy, their actions have revealed their essential function as defenders of powerful monopoly interests in the global battle for money and profit.

As for Facebook and its claims to uphold the free flow of information on the internet, the fact remains that when it suited its commercial and profit interests to do so it cut off that flow at the flick of a switch and has threatened to do so again should that be considered necessary. It is also engaged in censorship particularly of left-wing websites, including the WSWS.

The conflict demonstrates that democracy, based on the free flow of information on a global scale, cannot be sustained while ever the means of disseminating that information and facilitating communication and discussion about it remain under private ownership subject to the demands of profit. The case for public ownership, under democratic control, of all the media giants is becoming overwhelming.



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