

## Review



**Advanced Introduction to Platform Economics.** By Robin Mansell and W. Edward Steinmueller. Cheltenham, UK: Edward Elgar, 2020. 164 pp. ISBN: 9781789900606

In the summer of 2020, Apple surpassed Saudi Aramco to become the most valuable company in the world, with an estimated market valuation of U.S.\$1.84 trillion (Peters, 2020). Apple was the first company to be valued at a trillion dollars back in 2018, and was joined by Amazon and Microsoft in 2019, and Alphabet in 2020 (Lyons, 2020). The global COVID pandemic has only increased the value of tech and platform companies, with Apple, Amazon, Facebook, and Alphabet earning \$28.6 billion in profits in the second quarter of 2020 (Lyons, 2020). These profits stand in stark contrast to the massive contraction of global economies during the pandemic.

That these companies—Apple, Amazon, Alphabet, Facebook, and Microsoft—require analysis and assessment from a variety of economic and critical perspectives and approaches is not in question. The need for economic analysis and understanding was made abundantly clear in a 2018 U.S. Senate hearing when Senator Orrin Hatch asked Mark Zuckerberg to explain how Facebook sustains “a business model in which users don’t pay for your service.” In a reply memed around the world, Zuckeberg replied, “Senator, we run ads” (as quoted in Liao, 2018). Contrast Hatch’s misunderstanding of platform economics with the July 2020 U.S. House Antitrust Hearing (U.S. House of Representatives, 2020), which focused specifically on Amazon, Apple, Facebook, and Google. The ensuing report found “evidence of monopolization and monopoly power” leading to the diminishment of “consumer choice” (U.S. House of Representatives, 2020, p.11). Their collective power has “eroded innovation and entrepreneurship in the U.S. economy, weakened the vibrancy of the free and diverse press, and undermined Americans’ privacy” (U.S. House of Representatives, 2020, p. 12). Elected leaders have thus begun to understand the implications of unchecked economic growth in digital platforms, but there is so much more to learned.

Clearly, these companies possess incredible—potentially, unprecedented—social, economic, and political power. What is perhaps less clear is the approach so-

cial scientists should take to understand the social, economic, political, and democratic implications of companies so large. This question of how to analyze these companies is joined by another, simpler, but infinitely more complex question: what are they?

In *Advanced Introduction to Platform Economics*, Robin Mansell and W. Edward Steinmueller give readers the vocabulary and theoretical grounding necessary to answer these two pressing questions: the what and the how. There are no better scholars to tackle the issue of digital platform economics than Mansell, Professor in the Department of Media and Communications at the London School of Economics and Steinmueller, R.M. Phillips Chair in Economics of Innovation at the Science Policy Research Unit, University of Sussex. Both are pioneers in media economics and have a commanding knowledge of the digital economy and its democratic implications.

This concise manuscript (coming in at a lean 164 pages) begins with a definition of digital platforms, which Mansell and Steinmueller (p. 23) define as internet-based companies that encompass four elements:

- Content desired by users.
- A business model that pays the costs of maintaining and improving the platform.
- The collection, retention and use of data about users.
- The provision of auxiliary services.

From this comprehensive definition, Mansell and Steinmueller evaluate the economic conditions and implications of digital platforms through three lenses: neoclassical economics, institutional economics and critical political economy. The goal of the book is to evaluate “how platform operations are related to both economic value and a range of public values” (p. 6). What they accomplish is a nuanced economic understanding of digital platforms and a toolkit for scholars going forward. The book itself is as much a triangulated economic analysis of digital platforms as it is an assessment of the economic theories themselves. It begins with an overview of digital platforms and historical background of the internet and digital innovation (with a focus on disruption), followed by a description of the three noted economic approaches: neoclassical, institutional, and critical political economy. These theories then form the basis for chapters three through seven, which offer an assessment of digital platforms in general (Chapter 3), followed by specific case studies on AI and datafication (Chapter 4), self-regulation and alternative business models (Chapter 5), policy, regulation, and alternative platform provision (Chapter 6), and global implications (Chapter 7). This book offers a concise and coherent economic analysis of digital platforms from two of the defining voices in the field of digital economy, technology, and media.

The triangulated analysis is framed against a larger existential issue of the public interest and public value in assessing digital platforms. While neoclassical economics may see nothing but success in the astronomical growth and soaring profits of digital platforms and has faith in the rational consumer and competitive market to rectify any problems, institutional economics questions the norms, rules and mores that gave rise to the vast accumulation of wealth and the nominal public interest regulations. Critical political economy goes further and offers concerns for labour and data exploitation, surveillance, and privacy. While Mansell and Steinmueller intimate a preference for institutional and critical political economic approaches, often voicing concern for the information asymmetry that comes with monopoly power, they nevertheless recognize and explain the neoclassical perspective. Ultimately, they conclude that each branch of media economics has something to offer in the assessment of digital platforms.

The authors' preference for institutional and critical approaches to economics is furthermore underscored by the interventions offered in the conclusion, which directs us to an increased role for ethics, public value regulation, public interest assessments, and alternatives to the status quo. These conclusions echo recent work on social media networks and the public interest by Napoli (2019), who argues for a public interest standard for social media, along with work critiquing extant antitrust regulation (Wu, 2019). Mansell and Steinmueller ultimately argue for thoughtful regulation through "participatory and democratic institutions, independent of platforms and governments" (p. 137), rather than what they call "regulation by outrage" (p. 81).

In *Media Economics*, Cunningham, Flew, and Swift (2015) argue that regardless of what economic approach one takes, we would do well to hear and understand the other sides. Media reformers, for instance, must learn "to speak the language of market economics, in order to better present arguments grounded in 'social value' norms and assumptions" (p. 25). Said differently, media economists, be they neoclassical, institutional or critical, need to be able to code switch to get their points across to different audiences. Mansell and Steinmueller reinforce this important message, reminding us that each economic perspective "contributes to a more complete understanding of the origins and consequences of the current configuration of platform strategies and practices" (p. 131).

One can imagine this book being taught in media economics, political economy of communication, and media law and policy courses at both the senior undergraduate and graduate levels. It would pair well with introductions to political economy (Hardy, 2014), more conceptual interventions into this space (Mosco, 2009) and, as noted above, it updates a conversation crystallized by Cunningham, Flew, and Swift (2015). What Mansell and Steinmueller bring to this conversation is a distinct and targeted review of the economics of digital platforms. In doing so, they open the door to further research on digital platform economics the world over.

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