3rd of November 2017

Select Committee on Future of Public Interest Journalism
Department of the Senate
PO Box 6100
Canberra ACT 2600

Dear Committee Secretary

Re: Term of reference (e) examination of 'fake news', propaganda, and public disinformation, including sources and motivation of fake news in Australia, overseas, and the international response.

Thank you for the opportunity to provide a written submission to the Committee's inquiry into the future of public interest journalism.

I have been investigating 'fake news' creators in the Philippines for a few months using open-source data journalism techniques. Using my research into how 'fake news' creators operate their businesses, I would like to inform the senate select inquiry about how to best stop the 'fake news' threat—before Australia's next election is affected by disinformation for profit.

Additionally, I will be speaking about fake news at the Institute for Regional Security's 'Next' seminar series, to be held at Palace Electric on the 23rd of November from 5:30pm to 6:30pm.

Yours sincerely,

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Introduction

Fake news has been at the forefront of public debate since November last year, when it was widely reported thousands of fake news articles may have affected the outcome of the 2016 U.S. presidential election.[1] Many of these articles and the hundreds of "American-sounding" websites hosting them were created by teenagers from the small Macedonian town of Veles.[2] These teenagers created fake news not for ideological reasons, but for profit. Fake news websites are profitable, because they are more likely to be visited than other forms of spam websites. During the 2016 U.S. presidential election, the most popular fake news was shared more times on Facebook than the most popular mainstream news.[3] Fake news websites also earn more money from advertisements when visited by people from the United States or Australia, when compared to most of Europe or Asia.[4] That is why the teenagers targeted the United States, and why we will be targeted in Australia.

Since the Veles story broke, fake news has continued to be the subject of comprehensive press coverage, academic research, and 73 tweets from the U.S. President.[5] Under the umbrella of fake news a large amount of attention has been focused on various other perceived threats; such as conspiracy theories, satire, and biased reporting. I believe these perceived threats should not be considered fake news, as they all existed long before the Vales story broke, which made fake news a matter of public discussion. In fact, the phrase 'fake news' rarely appeared in Google searches before November 2016. [6] While fake news is sometimes created for ideological reasons, Facebook noted in their submission to this select committee, that "most fake news is financially motived".[7] Conflating different threats makes each more difficult to address. That is why for this submission I will be focusing on the profit-focused iteration of 'fake news', and defining it as: news articles that are verifiably false, and intentionally designed to mislead.

Danger of Fake News

'Fake news' is a legitimate national security issue that poses a significant threat to democracy. It both distorts information markets, and confuses what people believe the real state of the world to be. When a person's connection to reality becomes weaker, they are more likely to become discontent with democratic decisions and processes, which aim for logical outcomes. The prevalence of fake news and election of demagogue populist candidates appear to be related, however research has not yet confirmed causation. Fake news is especially profitable and dangerous during elections, when people engage more readily with political content.

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[1] https://web.stanford.edu/~gentzkow/research/fakenews.pdf
[2] http://nymag.com/selectall/2016/11/can-facebook-solve-its-macedonian-fake-news-problem.html
[3] https://web.stanford.edu/~gentzkow/research/fakenews.pdf
[4] http://www.wordstream.com/blog/ws/2015/07/06/average-cost-per-click
[5] http://ew.com/tv/2017/06/27/donald-trump-fake-news-twitter/
[6] https://trends.google.com/trends/explore?date=today%205-y&q=fake%20news
[7] https://www.aph.gov.au/DocumentStore.ashx?id=c4aca609-1955-4cb0-8948-2b626549d257&subId=512125

Australia has not yet been a major target of fake news creators. We should not mistake the absence of attack as the absence of threat, especially as fake news for profit simply didn't exist a few years ago. Fake news can be created anonymously from anywhere in the world. State and non-state actors currently have the capability to engage in information warfare campaigns against Australia through the creation and spread of fake news. Australia's high-paying online advertising market and the English language make our country an easy and obvious future target for profit-driven fake news creators. It is almost guaranteed that foreign and domestic actors will create and disseminate fake news in Australia the affects our next federal election, for either profit or ideological reasons.

Fake news is a threat to more than just democracy. Fake news has serious implications for private citizens, businesses, and governance as it often breaks several civil and criminal laws. These laws include defamation, intentional infliction of emotional distress, fraud, deceptive trade practices, cyberbullying, criminal libel, copyright and more.[8] For additional context on the threat fake news can pose, refer to the Australian Strategic Policy Institute's report *Securing Democracy in the Digital Age*.[9]

Demand for Fake News

Understanding the psychology behind the consumption of fake news is the key to understanding the scale of the problem. The media operates as a market. They gather and sell information to people. These people then consume information in order to benefit from understanding the true state of the world. The problem is – the truth is not the only priority of those who consume news. Fake news is often highly partisan.[10] [11] People have their own world view, and a tendency to demand information that fits neatly inside it. This desire is called ontological security—the inherent need for a coherent self-identity, which has a place in this world. Unfortunately, the need for partisan information that reinforces ontological security can often trump the need for that information to be legitimate. It is well-established that social media creates echo chambers, which can worsen this problem.[12] Fake news creators also employ tactics to manipulate the 'economics of emotion', meaning that emotions are leveraged to generate attention.[13] Attention is money to fake news creators. Empathetically optimized automated fake news has even been suggested as a plausible near-horizon problem.[14]

Attacking the fake news problem from the demand angle is very difficult. Media literacy training has had underwhelming effects. Educational programs tackling the fake news issue are essentially efforts to improve critical thinking skills, which is already a key aim of primary,

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[8] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2958790
[9] https://www.aspi.org.au/report/securing-democracy-digital-age
[10] http://journals.sagepub.com/doi/pdf/10.1177/1461444817712086
[11] https://theconversation.com/the-real-consequences-of-fake-news-81179
[12] https://www.aspi.org.au/report/securing-democracy-digital-age
[13] http://www.tandfonline.com/doi/abs/10.1080/21670811.2017.1345645
http://www.tandfonline.com/doi/abs/10.1080/21670811.2017.1345645

secondary and tertiary education.[15] A brief quiz administered through social media is not enough to solve the fake news problem, and any other form of mass-education is too expensive. Education simply does not present any effective policy options for the Australian Government to pursue that could be effectively implemented before our next election. Overall, the solution to the fake news problem cannot be found in attempts to reduce the demand for fake news.

The Philippines

The Philippines has one of the worst fake news problems in the world, as Filipinos spend more time on the internet and social media than any other nation.[16] That is because Filipinos are provided with free limited internet access, courtesy of Facebook.[17] Increasingly, Filipino's do not know they are using the internet, and instead use the terminology 'Facebook' to describe all online services.[18] July last year a Philippines Government department was overrun with people camping outside their office following a fake news article proclaiming that they would be providing free houses for the needy. [19] Many such incidences have occurred, thanks to the heavy presence of fake news in Filipino social networks. Filipino Senators are currently inquiring into fake news through a Senate Committee on Public Information and Mass Media, much like this Senate Select Committee and the UK Parliament's Fake News Inquiry.

Australians are sourcing their news from social media more than ever before. A recent survey found social media is only marginally less popular than television as a source for news. [20] Social media consumption in Australia is dominated by Facebook and Google, who share approximately 70% of global digital advertising revenue.[21] Social media usage in Australia is increasing year on year.[22] Australians can look to the Philippines for an insight into the future of the fake news problem for ourselves.

[15] https://theconversation.com/facebooks-new-anti-fake-news-strategy-is-not-going-to-work-but-something-else-might-76327

[16] https://hootsuite.com/newsroom/press-releases/digital-in-2017-report

[17] https://www.globe.com.ph/press-room/globe-extends-free-facebook

[18] https://qz.com/333313/milliions-of-facebook-users-have-no-idea-theyre-using-the-internet/

[19] https://memebuster.net/free-housing-duterte-admin-not-true-says-nha/

[20] http://www.presscouncil.org.au/uploads/52321/ufiles/Fact_Sheets/digital-news-report-australia-2016.pdf

[21] https://www.michaelwest.com.au/we-should-levy-facebook-and-google-to-fund-journalism-heres-how/

[22] https://www.sensis.com.au/asset/PDFdirectory/Sensis-Social-Media-Report-2017.pdf

Figure 1– The fake news business model

On the 27th of June the Catholic Bishops Conference of the Philippines released a list of fake news websites.[23] I investigated websites on this list throughout September & October, primarily through techniques posted on the Bellingcat online investigation blog.[24] I uncovered some useful information about Filipino fake news businesses. Following are my main observations.

- **Fake news websites have the same business model.** This can be seen in figure 1. Almost every fake news website I investigated followed this model. This is still the case, despite a recent ban on fake news content in the AdSense terms and conditions.[25]
- **Fake news businesses are dependent on established Facebook 'pages' for web traffic.** Facebook pages differ from personal Facebook accounts. They are designed for businesses and facilitate mass communication. Sometimes over 90% of the traffic fake news sites received was from Facebook. Almost every fake news website had associated Facebook pages, usually with 'likes' in the range of 100,000 to 1 million, and sometimes higher.

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[23] http://www.gmanetwork.com/news/news/nation/616023/cbcp-releases-list-of-fake-news-sites/story/
[24] https://www.bellingcat.com/resources/how-tos/2015/07/23/unveiling-hidden-connections-with-google-analytics-ids/
[25] https://support.google.com/adsense/answer/48182?hl=en

- **Fake news is very profitable.** Receiving between 100,000-500,000 site visits a month is common. Over half of the fake news businesses covertly ran multiple fake news websites at the same time. The Vales teens made up to $5,000 USD a month.[26]
- **Fake news is a growing threat.** I found a hiring advert for content writers on the personal Facebook page of a fake news business owner. Filipino fake news websites directed at westerners are starting to appear.
- **Fake news creators are often former spam bloggers.** Spam bloggers make their income by creating thousands of low quality websites, which casts a wide net for internet traffic. Often this is an ineffective and time-consuming process. Once spam bloggers discovered fake news websites are more effective at attracting traffic than other types of spam, they quickly pivoted from to fake news. We can expect fake news to become a larger problem in the future as spam bloggers all over the world discover this latest innovation in their trade.

Facebook & Responsibility

Fake news will never be completely stopped with one action. We should instead aim to minimize the damage fake news can cause by reducing the supply and disrupting the business model. The most vulnerable aspect of the fake news business is a dependence on Facebook pages. These pages provide fake news businesses with a platform to disseminate content to the masses, which is essential for their income stream. The success of a fake news business is directly linked to the success of its Facebook pages. Luckily for us, page audiences take a long time to grow. Therefore, a policy based on page removals has the potential to immediately reduce the ability of fake news businesses to make an income—without being too expensive for Facebook to reasonably implement.

Facebook's response to the fake news problem has been largely inadequate. Previously, a Facebook spokesperson stated, "We cannot become arbiters of truth ourselves – it's not feasible given our scale, and it's not our role".[27] I don't believe for a second that this is a fair statement. Facebook has already accepted editorial responsibility by allowing automated algorithms to control the content that reaches people's news feeds. I'd prefer that Facebook accepts their role as an arbiter of truth, rather than continuing their current policy of blind psychological exploitation for profit. I am puzzled by how Facebook is taken seriously when they repeat their claim of not being a media company while calling their main content delivery platform the "news" feed.[28] Regarding scale, Facebook reported an Australian advertising revenue of $326 million in 2016.[29] Facebook's market cap is approximately 500 billion US

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[26] https://www.washingtonpost.com/news/the-intersect/wp/2016/11/18/this-is-how-the-internets-fake-news-writers-make-money/?utm_term=.24c9f4d6f72b

[27] https://www.huffingtonpost.com/entry/facebooks-new-anti-fake-news-strategy-is-not-going_us_590265f6e4b084f59b49f789

[28] http://fortune.com/2016/11/14/facebook-zuckerberg-media/

[29] http://at.theaustralian.com.au/link/f8c4e02fb5eefc20073fdb7f1dc599a9

dollars.[30] Dealing with this problem is well within their capability. Regarding role, it is Facebooks responsibility to deal with fake news, because their platform effectively created the problem, and they derive income from it. To borrow an economic term, fake news is a negative externality. Fake news imposes a social cost on the public, which is caused by the economic activity of a private firm. It is fair to shift this cost back onto Facebook, as we do with most negative externalities.

Solution

Change is possible. Germany's Network Enforcement act came into force on the 1st of October 2017.[31] It fines social media companies up to 50 million euros if they don't remove 'clearly illegal' content within 24 hours of it being reported.[32] Clearly illegal content is defined as content where "the illegality can be detected within 24 hours without an in-depth examination and with reasonable efforts, i.e. immediately by trained personnel."[33] Other illegal content much be taken down within 7 days. Infringing content is completely wiped from the social media site, with copies kept on file to stop reposting. Quarterly reports of all complaints and subsequent actions taken are mandated. C-level executives are required to conduct monthly compliance reviews.

New anti-fake news legislation modeled after Germany's Network Enforcement act should be introduced to parliament. The ideal legislation would penalize Facebook with large fines if they failed to remove Facebook *pages* after fake news *links* were reported by the public. The public would be given the ability to report fake news links to Facebook using a form on provided on their website. Judgements on fake news reports would be made by Facebook officials and required within either 24 hours or 7 days, following the same policy as Germany. Once news links are confirmed to be fake, a copy would be kept on file, posted online, and wiped from Facebook. This law would target pages for deletion, not personal accounts, lessening fears that the public may have regarding infringement of free speech. Legislation would not necessarily be in force permanently, and could potentially come into effect only a few months before federal elections. The specific definition of what constitutes fake news is a difficult issue to tackle. Any anti-fake news law would need to be balanced enough as to not overreach and ban pages for posting opinion-based discourse. I believe this balance is possible, as it has been with hate speech laws. Publicly-released monthly reports should be required to ensure transparency in the reporting and judgement process. Dedicated government representatives, paid for by Facebook, should be required to assist in implementation and continued adherence to the legislation.

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[30] https://ycharts.com/companies/FB/market_cap

[31] https://www.technologylawdispatch.com/2017/10/social-mobile-analytics-cloud-smac/germanys-new-hate-speech-act-in-force-what-social-network-providers-need-to-do-now/

[32] https://www.engadget.com/2017/10/02/germany-enacts-law-limiting-online-hate-speech/

[33] https://www.technologylawdispatch.com/2017/10/social-mobile-analytics-cloud-smac/germanys-new-hate-speech-act-in-force-what-social-network-providers-need-to-do-now/

I hope this submission has improved the committee's understanding of fake news, and empowered its members to take decisive action. Tackling this threat may prove crucial in ensuring the future safety of Australia's democracy. Thank you for your time.

Kind Regards,

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