

AFEE @ ASSA 2026 Annual Meeting

January 3 – 5, 2026

Paper Session: **International Consequences of Economic Power**

January 04, 2026 10:15 – 12:15

# How Variations in Institutional Structures by Country Differentiate the Power of Social Network Platforms: The Case of TikTok

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# An outline of this study

- Research questions
- Essence and dynamic nature of economic power
- Evolving power of social network platforms in global context
- TikTok's power across countries
- Conclusion and remarks

# Research questions

- What are the essences and dynamic nature of economic power in original institutional economics?
- How does a major category of platform corporations – social network platforms (SNPs) gain and reinforce their power in a global context?
- How do variations in institutional structures by country differentiate the power of SNPs?
- What can be revealed from the changing power of TikTok in different countries?

# Essence and dynamic nature of economic power - (1)

- Major descriptions of economic power

The “power to withhold from others what they need.” (Commons 1924 [2012], 52)

“(T)he ability to tell other people what to do with some degree of certainty that they will do it.” (Dugger 1980, 897)

“(T)he ‘possibility of imposing one’s will upon the behavior of other persons.’” (Rheinstein 1954, 323, cited in Galbraith 1983, 2)

“(T)he ability to influence allocation.” (Klein 1987, 1342)

“(O)ne’s ability to influence the way the economy operates to carry out the tasks assigned to it.” (Klein 1987, 1343)

“(T)he ability or degree of participation in decisions. (Schmid 1987, 11)

- ◆ Power can be conceptualized as *the ability of a person or an entity to influence the economic behavior and decisions of other people, and hence influence resource allocation in society to various degrees.*

# Essence and dynamic nature of economic power<sup>-(2)</sup>

- Power is an instituted process advocated by firms.
  - ◆ Technological advancement over time is an instrument that generates the dynamics.
    - Mechanistic technology in the 18<sup>th</sup> & 19<sup>th</sup> century (Veblen 1914)
    - ... evolution of technostructure of firms in the 2<sup>nd</sup> half of 20<sup>th</sup> century (Galbraith 1967, 1983; Dugger 1980, 1988; Klein 1987)
    - ... digital technology → internet in the 21<sup>st</sup> century
  - ◆ **Social media** (press, television) ⇒ **educational institution**
    - ↳ **habituation & belief of the social masses**
- **Specific manifestations of power** exercised by firms are subject to **countervailing power** in a country (Galbraith 1952), which differs across countries due to variations in their **institutional structure**.
  - ◆ USA, Germany, China, India, Brazil, ...

# Evolving power of social network platforms in global context - (1)

- The evolution of SNPs (e.g., YouTube and TikTok) and the expansion of their power are reciprocally driven by advances in **digital technology**.
  - ◆ **Internet**: covering < 6% of the world population in 2000  
> 68% in 2024
  - ◆ **Algorithmic technology**: largely strengthened by AI & ML
- Other **instruments** to realize the power: control of digital infrastructure and data
- **Process** to raise the power: accumulation of network effect, hence data
  - ◆ Low-barrier access for users to share their self-produced media content across different countries
  - ◆ Capturing of users' information

# Evolving power of social network platforms in global context - (2)

- ◆ By providing the opportunity for **users to participate** on the platforms and design their own contents, and share their intentions and desired social value to others, the SNPs indeed **efficiently gain social recognition** through a form of **self-perpetuating loop of promotion** from the users.
- Although the global markets are dominated by a few large MNCs like YouTube, their **influences** as measured by the number of users **differ across countries and demographics**.
  - ◆ The differences can be attributed to variations in the respective clusters of institutions (political, economic, and educational institutions, as well as culture and government structure).

# Evolving power of social network platforms in global context - (3)

- Most influential SMPs in the USA, the UK and Japan (2024)

	All Users	Millennials (Born in 1981-1996)	Gen Z (Born in 1997-2012)
USA	<ol style="list-style-type: none"> <li>1. YouTube</li> <li>2. Facebook</li> <li>3. Instagram</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. Facebook</li> <li>2. Instagram</li> <li>3. YouTube</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. Instagram</li> <li>2. YouTube</li> <li>3. TikTok</li> </ol>
UK	<ol style="list-style-type: none"> <li>1. Facebook</li> <li>2. YouTube</li> <li>3. Instagram</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. Facebook</li> <li>2. Instagram</li> <li>3. YouTube</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. TikTok</li> <li>2. YouTube</li> <li>3. Snapchat</li> </ol>
Japan	<ol style="list-style-type: none"> <li>1. LINE</li> <li>2. YouTube</li> <li>3. X</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. LINE</li> <li>2. X</li> <li>3. Instagram</li> <li>4. or 5. TikTok</li> </ol>	<ol style="list-style-type: none"> <li>1. LINE</li> <li>2. Instagram</li> <li>3. X</li> <li>4. TikTok</li> </ol>

language,  
culture,  
gov't structure  
political institutions

Source: Author's summary through Google and AI searches with cross-checks

# TikTok's power across countries - (1)

- Four major factors giving rise to the power of TikTok.
  1. **Development of its unique algorithm**
    - Accurately analyzed immense volumes of data on the social and spending behaviors of its users in different countries
  2. **Attraction of Gen Z** to spread and instate their views and beliefs/behavior through self-produced short-videos
    - A large social group that was neglected by the early and dominant SNPs like YouTube
  3. Dissemination of tailored-made information/advertisement to **influence users' beliefs with addictive effects**
    - Network effect is reinforced
  4. **Monetization of data** being accumulated
    - Ads and e-commerce opportunities to other firms
    - In-app spending of the users

# TikTok's power across countries - (2)

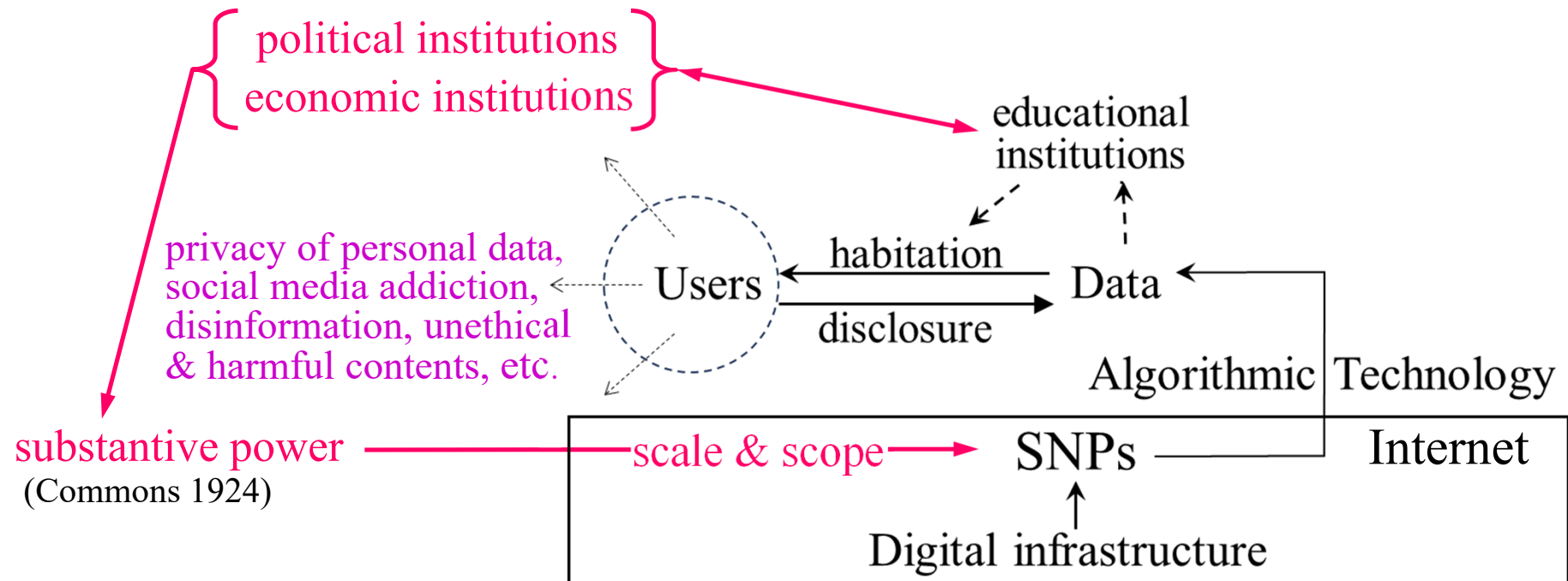
- Although TikTok's influence on the market behaviors and decisions of the social masses, other firms, and gig workers is dramatic, its ultimate ability to expand and sustain its **power varies across countries**.
  - ◆ **Differences in** political, economic and educational institutions, and government structure between countries
  - ◆ **Changes in** geopolitical relationship between countries
- Evidences from the different institutional structure in the United States, India and the EU reveal these differences.
  - ◆ The **USA**: political institutions are dominated by their **economic institutions**
  - ◆ **India**: dominated by **political institutions**
  - ◆ The **EU**: **more direct communication** between the government and the social masses

# TikTok's power across countries - (3)

- **Different countervailing power exerted** on TikTok's influences
  - ◆ India: withheld its right completely in 2020
  - ◆ The USA: withheld its right or sold to the US investors
    - Decision: sold its control rights to the US investors
  - ◆ The EU: tightened its supervisory and regulatory control
    - “EU emphasises regulatory autonomy, public health, and democratic integrity in governing cross-border data flows, the US frames TikTok in a more overtly securitised approach rooted in techno-nationalism”. (Cristiano and Monsees 2025, 1)
    - TikTok's influence varies across the EU member countries.
      - E.g., lower in Germany than the average of other EU countries

# Conclusion and Remarks - (1)

- Technologically, increasing influence exerted by the SNPs on users is an unquestionable/irreversible global trend.



- The power exercised in different countries is shaped by their respective clusters of institutions, especially political and economic institutions.

## Conclusion and Remarks - (2)

- Timely revisions and updates of related **government regulations**, together with **coordination of basic policies among governments**, are needed to mitigate existing and potential downsides and public concerns over the heightening influence of SNPs.
  - ◆ E.g., minimum requirements for the protection of personal data and gig workers and accuracy/integrity review of contents, etc.
  - ◆ However, this will be a challenging project in this period of time due to the increasing geopolitical and economic conflicts between the major world powers.

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# Thank You!

Any questions/criticisms are welcome.

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