

## The economic case for a stronger Online Safety Act

### Parliamentary briefing

Molly Rose Foundation aims to challenge the flawed assumption that stronger online safety legislation is incompatible with the Government's primary mission for growth. This briefing sets out why a strengthened Online Safety Act is unashamedly pro-growth; and how it stands to contribute to several of the Government's major priorities, including fixing the NHS and promoting life chances.

#### 1. A strengthened Online Safety Act delivers a substantial annualised economic return

Largely driven by the claims of tech lobbyists, it has conventionally been assumed that stronger regulation is a drag on the economy and stifles innovation. The Government's own economic modelling rejects this claim, with recent analysis from the Department for Science, Innovation and Technology showing that every time exposure to online harms is reduced by 1.3%, according to conservative estimates the UK stands to receive an annualised economic benefit of £345 million.<sup>1</sup> In other words, **a strengthened Online Safety Act that was capable of achieving a 15% reduction in online harms could be expected to deliver £4 billion pounds in annualised economic return.**

#### 2. Stronger regulation is no threat to the growth of the UK's competitiveness, and can bolster innovation in our economy

The tech companies are robust, cash rich, dominant companies, bigger than oil companies and banks. While Big Tech lobbyists may look to threaten the UK with threats of disinvestment, the reality is that these companies expect to pay a cost to enter their largest markets. In the UK, that cost should be ensuring their platforms are made safe-by-design.

**The Government's own research shows that a heavier regulatory touch contributes to more robust business practices and better risk management by regulated firms.**<sup>2</sup> Despite axiomatic assumptions to the contrary, **strengthened regulation does not stifle market innovation.**

1 Department for Science, Innovation and Technology (2024) Online Safety Act Enactment Impact Assessment

2 Department for Business, Energy and Industrial Strategy (2018) Comparative analysis of regulatory regimes in global economies: Research Paper Number 19

However, a heavier regulatory touch can deliver better protection, better quality of online services, and can result in reduced consumer detriment. In respect of the Online Safety Act, this would mean reduced preventable harm being borne by children and families, a stronger social fabric, and a new settlement for the safety and well-being of our young people.

### 3. Strong regulation is good for the NHS, education and our broader public services

At is stands, **the business model of large technology companies is fundamentally premised on externalising harm caused by the commercial and design decisions onto families, communities, law enforcement and our NHS.** Our analysis suggests that the economic cost of preventable deaths by suicide among young people aged 10 to 19, where technology plays a role, is fast approaching £0.5 billion every year.<sup>3</sup>

It is surely time to invoke the ‘polluter pays’ principle: recognising that this sector is grossly under-regulated, with horrific external costs borne by society rather than companies. Macroeconomic theory is clear that the most efficient way to tackle such harm is to return those costs to the companies, including in the form of robust regulation. If the shareholders bear all the costs instead of society, then tech firms will in turn produce an optimum, lower level of harmful output.

A stronger regulatory model, firmly predicated on the application of the ‘polluter pays’ principle, would be a boon to our NHS. England’s hospitals receive over 200,000 self-harm admissions every year,<sup>4</sup> putting further unacceptable strain on A&E departments and on vital CAMHS facilities that already struggling to meet surging demand. In 2020, the economic cost of self-harm admissions was estimated at £167 million<sup>5</sup> (£213 million in 2024 prices.)

Research suggests that technology plays a role in around one quarter of young deaths by suicide, alongside a similar proportion of hospital admissions for self-harm.<sup>6</sup> Recent analysis suggests that in the decade to 2021/22 self-harm related admissions to acute medical wards in England increased by 56.7% among children aged 5 to 18. Admission rates for depression among these groups increased by 46.2%.

#### **The NHS should not be left to subsidise the margins of some of the largest companies in the world.**

The current business model of Big Tech directly passes costs onto our public services, and by weakening the mental health and well-being of our young people, it also erodes our single greatest long-term economic asset – the brain capital of our future workforce. **The cost of inaction, however it is measured, is not a price worth paying.**

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3 Molly Rose Foundation analysis using the J-value calculation, which is best suited to quantify the value of life-ending or limiting Internet -related harms borne by young people

4 Department of Health and Social Care (2023) Suicide Prevention in England: Five Year Cross Sector Strategy

5 Tsiachristas, A et al (2020) incidents and general hospital costs of self-harm across England: estimates based on the multi-centre study of self-harm. Epidemiological Psychiatric Science 12(29)

6 Padmanathan, P (2018) Suicide and self-harm related Internet use: a cross-sectional study and clinician focus groups. Crisis, 39 (6), pp469-478 if

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For a briefing and discussion about how we can work together to tackle preventable harm, please contact Andy Burrows: [a.burrows@mollyrosefoundation.org](mailto:a.burrows@mollyrosefoundation.org)

Registered Charity No: 1179482 <https://mollyrosefoundation.org>