

Anti-Trust Hits Tech Giants

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Breaking Up Facebook? This is Getting Real

CIA financial support, which of course included shaping policy and direction of two Tech Giants, Facebook and Google, each with a stranglehold today on two aspects of critical digital media, social media and search respectively, suited the CIA well as it loves complete control. Readers would note that both companies eagerly complied with 'government' (CIA) policy on censoring information which 'they' deemed unhelpful and inappropriate to THEIR interests, hence any site that publishes Truth was/is immediately targeted for backgrounding on Google and complete banning on Facebook, well done CIA and the CFR.



However, commercial anti-trust laws have always posed the major threat to monopolies and it seems that these laws may have grown long enough teeth to foil the cozy relationship between the CIA and the companies they helped shape and create for their own purposes, which companies of course were easily able to dominate the market at the time, as governments have always lagged behind tech high speed advances. Nevertheless, when situations and monopolies become absurdly evident even governments finally act.

We shall see if this is a token action/gesture, or real, as no commercial interest should ever be allowed to dominate any sector of any market, notwithstanding that breaking up monopolies opens the market and allows for real competition and development advances, which is supremely beneficial to the economy in general; put simply, no interest/agency should ever be allowed to get a stranglehold on any segment of the commercial digital market, something that (CIA) Google and Facebook currently have.

In a big blow against what critics say is Facebook's illegal monopoly on the social media marketplace, the Department of Justice is reportedly now opening an antitrust investigation into the tech giant.

According to Reuters last week, the direction of the probe is unknown. But DOJ's antitrust chief told a tech conference in August that the government is looking at previously approved acquisitions as part of a broad review.

Facebook also faces simultaneous investigations by the Federal Trade Commission (FTC), a group of

state attorneys general led by New York, and the House of Representatives' Judiciary Committee.

This is not a good time for Big Tech, as Facebook is not the only behemoth facing possible antitrust violations.



In early September on the footsteps of the Supreme Court, the Republican attorney general of Texas, Ken Paxton, announced that 48 attorneys general will launch an investigation into Google's advertising and search businesses. The probe is ambitious, and they stated that they might expand it to other areas. The only two states not participating are California, home of Google, and Alabama, which has aggressively pursued large-scale Google data centers.

This is a serious test for Google. In the past, similar probes have gone nowhere. In early 2013, the Federal Trade Commission voted unanimously to end its investigation after Google agreed to some voluntary changes to its practices, though it remained a mystery as to why. The missing piece of the puzzle emerged in 2015 through a memo that accidentally made its way to the Wall Street Journal via a Freedom of Information Act request.

The 160-page FTC report concluded in 2012 that Google had used anti-competitive tactics and abused its monopoly power. The report recommended that the commission bring a lawsuit against Google. It argued that Google's "conduct has resulted—and will result—in real harm to consumers and to innovation in the online search and advertising markets." When competitors asked Google to stop taking their content, it threatened to make them disappear completely. According to the report, the company sent the message that it would "use its monopoly power over search to extract the fruits of its rivals' innovations."

The memo raised embarrassing questions over why Google was not challenged. FTC Chair Edith Ramirez denied that the agency ever wanted to charge Google. As the public again found out through Freedom of Information Act requests, four days after the Journal article appeared, Google's main lobbyist Johanna Shelton emailed Ramirez's chief of staff complaining that she was "deeply troubled" by the lack of FTC response. Ramirez immediately complied. (When she left the FTC, Ramirez went to work at Hogan Lovell's, where she has represented Google.)

Google certainly had vast influence in the Obama White House, as this story attests. The company's representatives attended White House meetings more than once a week from the beginning of Obama's presidency through October 2015. Nearly 250 people shuttled from government service to Google employment or vice versa over the course of his administration.

Today, the tech giants no longer have as much sway in the White House and the mood in the country has shifted.



It is hard to keep track of all the investigations. Every month brings new probes, and the scrutiny of big tech is now bipartisan. By the latest count, there are eight federal, six state, and two congressional investigations. Many senators believe the FTC and DOJ are not doing their best to enforce the laws. On the left, Senator Sheldon Whitehouse, a Democrat from Rhode Island, told WIRED that the DOJ and FTC need to "grow a set and do their jobs." On the right, Senator Josh Hawley, a Republican and former Missouri state attorney general, was one of the first to open an antitrust investigation into Google back in 2017. He has been pushing for a legislative response to

the need for antitrust in the tech sector.

Representative David Cicilline, the Rhode Island Democrat, is now leading a House antitrust investigation into tech company market dominance. His committee has made a public demand for vast numbers of documents, and has sent letters directly to Jeff Bezos of Amazon, Tim Cook of Apple, Mark Zuckerberg of Facebook, Larry Page of Google, and dozens of their top executives. The information requests state that investigators are probing “whether dominant firms are engaging in anticompetitive conduct.”

House lawmakers have also asked more than 80 companies for information about how their businesses may have been harmed through anticompetitive behavior.

The rules of the game are changing. Senators are no longer calling for fines or perfunctory investigations but for the actual dismantling of the corporate monopolies. Democratic senator and presidential candidate Elizabeth Warren has made breaking up the tech monopolies a key talking point on the presidential campaign trail.

Facebook is being investigated from all sides. In addition to the DOJ probe reported last week, its acquisitions are the subject of a House Judiciary Committee investigation. A group of nine attorneys general said last week they are investigating Facebook. The FTC is also examining the tech giant’s acquisitions of WhatsApp and Instagram, among others, to see if they were undertaken with the purpose of reducing competition.

Long before Facebook bought Instagram or WhatsApp, Zuckerberg spied on startups that he viewed as emerging threats. He bought them when he could and copied their features when he couldn’t. And if any gained traction, he generally cut off their access to Facebook’s platform.

One of the shadiest Facebook acquisitions was its purchase of Onavo in 2013. Most users have used Onavo’s apps as a free tool that helps compress data and save money on data usage. However, by controlling Onavo, Facebook was able to spy on its users and gain an almost perfect view into what competitors were up to and how fast they were growing. Onavo provided a roadmap for anti-competitive acquisitions, and Facebook has acquired more than 70 companies over roughly 15 years.

Meanwhile, in order to make it harder for regulators to break up Facebook, Zuckerberg is racing to further integrate WhatsApp and Instagram and make it impossible to unscramble the omelet.

The House requests sent to Google are also looking at past anti-competitive acquisitions. Those acquisitions helped build Google’s huge and lucrative ad business. About 20 percent of Google’s ad revenue is from its display business. Google bought DoubleClick in 2008 and AdMob for \$750 million in 2010, and then buyer services including Invite Media in 2010. (Assistant Attorney General for Antitrust Makan Delrahim was a lobbyist for Google during their DoubleClick acquisition. He was paid \$100,000 for 12 months’ work.)

The combination of deals gave Google complete control over most aspects of the ad market. The company has leveraged that control of the ad ecosystem to push other businesses to use its advertising technology at every step.

If antitrust laws were actually enforced in the U.S., Facebook’s and Google’s acquisitions never would have gone through. Critics’ worst fears at the time of past acquisitions have come to pass, and those deals have allowed Google to horizontally and vertically integrate the ad industry, dominating search and display and Facebook to monopolize social networks.



While most of the probes are focusing on Facebook and Google, the other two giants—Amazon and Apple—are not off the hook.

The House Judiciary Committee's antitrust investigation is looking into how Amazon can discriminate against third-party sellers and how it uses its search box to extract advertising dollars from sellers, rather than show the most relevant results. Amazon has gone from having no advertising to turning it into a business with more than \$10 billion in revenue last year. At a House hearing in July, Congresswoman Val Demings asked an Amazon lawyer whether ads were "another way to charge a toll for using its platforms." FTC officials have also interviewed Amazon's third-party sellers, Bloomberg reports, over concerns that the e-commerce titan may be abusing its relationship with those partners.

Apple so far has been the least affected by antitrust issues, but it's still part of the House Judiciary Committee's inquiry, which is focusing on whether Apple promotes its own apps above competitor apps that might be more relevant. A separate case, *Apple v. Pepper*, which has made its way to the Supreme Court, is challenging terms and pricing on Apple's app store, where it charges 30 percent commission for all apps.



The internet giants are fighting back, and they have all retained former DOJ and FTC lawyers and economists. In the past, Google and other tech giants have been successful at hiring those who had been through the revolving doors, and almost all the top people representing Facebook, Google, and Amazon today are negotiating with their former colleagues.

As usual, the monopolies are calling in favors from the many think tanks they fund to write op-eds in their favor. Their cheerleaders have been writing pieces without disclosing that they receive funding from Google. The Atlantic ran a piece by Mario Loyola who works for the Competitive Enterprise Institute, which receives Google funding and is ardently against antitrust enforcement. The Hill published an article by Jennifer Huddleston of the Mercatus Center, which has received substantial funding from Google.

The tech giants have long relied on the Consumer Welfare standard that has become the basis of modern antitrust. They have argued that antitrust enforcement is unnecessary because their services are free and they don't raise prices. Congress, though, is having second thoughts.

"When there is no longer a free market or competition, this increases prices, even when something is marketed as free, and harms consumers," said Florida Attorney General Ashley Moody, a Republican. "Is something really free if we are increasingly giving over our privacy information? Is something really free if online ad prices go up based on one company's control?"

Given the change in mood in the country, it is increasingly likely that the probes into the tech giants will not end in a whitewash like the FTC's previous probe into Google. This can only be good for competition and the internet.

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