



Facebook and Google Feel Chill From Once-Friendly Washington Because Of Their Coup Attempt

Todd Shields Ben Brody

(Bloomberg) -- Washington officials once dazzled by the swashbuckling entrepreneurs of Silicon Valley are now openly questioning the freedom they've bestowed on Facebook Inc., Twitter Inc. and Google.

Emboldened by a president who's openly contemptuous of the companies -- despite his own reliance on Twitter -- and intelligence reports linking popular online sites to election interference, lawmakers from both parties grilled top tech executives this week about whether, and how, Washington should rein them in.

This comes on top of President Donald Trump accusing tech companies of rigging their news feeds to favor liberal points of view and, in an interview with Bloomberg News, of being in a "very antitrust situation." The Justice Department this week announced plans to meet with state attorneys general to discuss whether tech companies are stifling ideas. And the Federal Trade Commission scheduled hearings on consumer protections for users of digital services as its new chief has vowed to scrutinize tech companies.



“The good old days of the public and policy makers standing in awe of what they built is over,” former Federal Communications Commission Chairman Tom Wheeler wrote in a blog post. “The public is looking for answers, and thus the Congress is looking for answers.”

Count among them Republican Senator Richard Burr, chairman of the Senate Intelligence Committee that’s been looking into Russian exploitation of social media in U.S. elections that intelligence officials say was aimed at helping Trump win the presidency.

[Bloomberg Businessweek: Social Media on Capitol Hill \(Audio\)](#)

“What is under attack is the idea that business as usual is good enough,” Burr of North Carolina told Facebook Chief Operating Officer Sheryl Sandberg and Twitter Chief Executive Officer Jack Dorsey at the hearing on Wednesday. The answer might be sharing more information about malign practices, or greater cooperation from national security officials, Burr said. “If the answer is regulation, let’s have an honest dialogue about what that looks like,” he said.

In the House, Representative Joe Barton, a senior Republican from Texas, told Dorsey “We would not be having this discussion if there was not a general agreement that your company has discriminated against conservatives, most of whom happen to be Republican.”



Tech stocks suffered, with an index of highly traded growth stocks including Facebook, Google parent Alphabet Inc., Apple Inc. and Amazon.com Inc. dropping 4.9 percent over three days.

Fueling the demand for action is the approach of congressional elections in November, said Bruce Mehlman, a Republican lobbyist and co-chairman of the Internet Innovation Alliance, a non-profit group that promotes broadband. "The velocity and intensity of these concerns have accelerated," Mehlman said in an email.

[Trump Antitrust Chief Says 'Big Is Not Bad' for Tech Companies](#)

The odds are still long for substantive change, says Paul Gallant, a Washington-based analyst with Cowen & Co., but they're rising.

"We see regulation coming but suspect it won't be game-changing," Gallant said in a Sept. 5 note. "Republicans' concerns over 'liberal bias' could lead to a new paradigm that gives greater public visibility into the internet companies' content decisions."

He put the chances of Congress passing legislation to protect online privacy at 35 percent in the coming months, rising to 75 percent by 2021.

Seeking to get ahead of that debate, the powerful U.S. Chamber of Commerce on Thursday outlined a series of proposals for privacy regulation, reflecting a pervasive industry fear that laws governing the collection and use of consumer data are spreading. The business lobby prefers federal standards to a



patchwork of state-by-state efforts, such as one enacted this year by California.

[Here's How Washington Could Really Unfriend Facebook: QuickTake](#)

Even Democrats, a traditional source of support for the tech industry, are warming to the idea of new controls.

"I believe Congress is going to have to act," said Senator Mark Warner of Virginia, the top Democrat on the Intelligence Committee. For example, he said social media sites should tell users how they're profiting from the data they collect. And he asked whether users "have a right to know when they're interacting with bots," or accounts that automatically generate messages.

"Facebook ought to have both a moral and legal obligation if there are sites that are inciting violence and take those down," Warner said.

Twitter's Dorsey said the company can't always identify bots, which can be programmed to act like humans.

[Trump Says Google, Facebook, Amazon May Be 'Antitrust Situation'](#)

The sites have also rejected accusations growing more common among conservatives that their points of view are being ignored.

"It's their prerogative if they want to look into it. I think they will find, there is no censorship of political speech," said Michael



Beckerman, president of the Internet Association, a trade group. "From the conservative point of view in particular, these platforms are open and transparent and people are getting their voices heard," Beckerman said in an interview on Bloomberg TV on Wednesday. "They're open for all political parties and all viewpoints."

Facebook Chief Executive Officer Mark Zuckerberg said he's "spending a lot of time" on issues such as preventing election interference and protecting users from abuse and harm.

"These are all efforts that will take years," Zuckerberg said in a Facebook post. "The most important effort -- rebuilding all of our content enforcement systems to proactively find harmful content rather than wait for people to flag issues -- is at least a three-year project."

The companies have rejected the suggestion they restrain competition, which a top Justice Department official on Thursday implied might be difficult to establish.

[Trump Warns Tech Giants 'Be Careful,' Claiming Rigged Searches](#)

Ed Black, the president of trade group Computer & Communications Industry Association, said his organization, whose members include Amazon, Google and Facebook, is concerned about the Justice Department's plan to meet with states attorneys general. While there are legitimate conce



about technology companies today, antitrust enforcement shouldn't be driven by partisan politics, he said.

"What would be inappropriate would be if legal action were to be undertaken, not based on a solid evidentiary basis, in an effort to pressure and bring leverage against companies where really the grounds of concern are in other areas," he said.

Gigi Sohn, a distinguished fellow at the Georgetown Law Institute for Technology Law & Policy in Washington, said there's a partisan divide on what changes are needed.

Democrats want protection from foreign actors, privacy protections and increased competition, while Republicans are focused on "so-called bias against conservative voices," she said.

"The mood has definitely shifted -- both parties have made it clear that they are going to be watching tech closely on a variety of issues, and the threat of regulation is more real than ever," Sohn said.

