



States and FTC Sue to Break Up Facebook. But Do They Go Far Enough?

Are the days of Facebook's unchallenged reign numbered?

Dozens of states and the federal government sued Facebook in twin antitrust lawsuits on Wednesday on grounds that the social media company is guilty of anticompetitive behavior and abused its dominant role in the digital marketplace.

In particular, the Federal Trade Commission (FTC) wants a permanent injunction in federal court that could force Facebook to divest major assets like Instagram and WhatsApp, breaking the company up as it currently stands. The states, likewise, are calling for the company to be broken up.

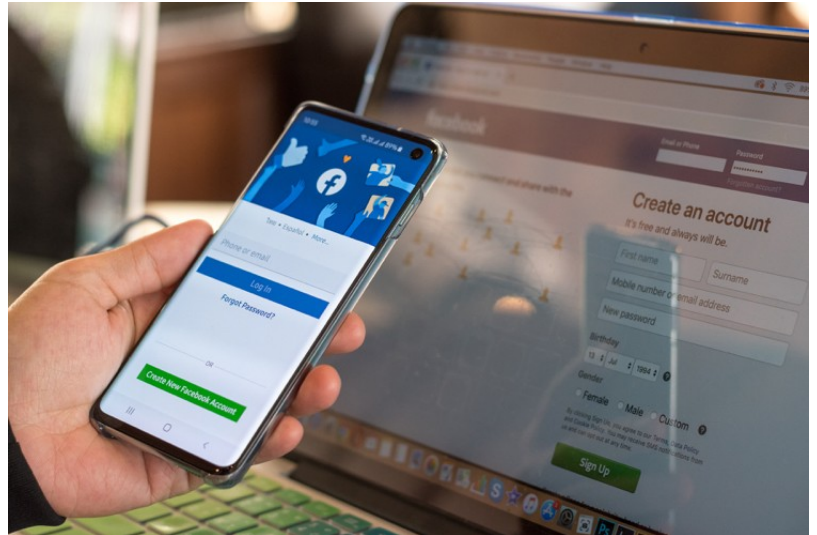


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"Personal social networking is central to the lives of millions of Americans," said Ian Conner, Director of the FTC's Bureau of Competition, in a statement. "Facebook's actions to entrench and maintain its monopoly deny consumers the benefits of competition. Our aim is to roll back Facebook's anticompetitive conduct and restore competition so that innovation and free competition can thrive."

The two lawsuits have been in the works for months and represent a challenge to one of the biggest players in Silicon Valley. The complaints' focus on Instagram and WhatsApp targets two of Facebook's largest investments. The company acquired the former property for \$1 billion in 2012. Two years later, it purchased the latter for \$19 billion.

The suits were announced 14 months after New York Attorney General Letitia James said her office was investigating Facebook for anticompetitive practices. Over 40 state attorneys general signed onto the Wednesday complaint. The FTC, for its part, has been performing its antitrust investigation of Facebook since June 2019.

"For nearly a decade, Facebook has used its dominance and monopoly power to crush smaller rivals and snuff out competition," James said at a Wednesday press conference. "By using its vast troves of data and money, Facebook has squashed or hindered what the company perceived to be potential threats."

The state suit calls for a court order requiring Facebook to notify state officials about future acquisitions worth \$10 million or more.

"The most important fact in this case, which the Commission does not mention in its 53-page complaint, is that it cleared these acquisitions years ago," Facebook's General Counsel, Jennifer Newstead, said in a statement. "The government now wants a do-over, sending a chilling warning to American business that no sale is ever final."

"People and small businesses don't choose to use Facebook's free services and advertising because they have to, they use them because our apps and services deliver the most value," Newstead added. "We



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are going to vigorously defend people's ability to continue making that choice."

William Kovacic, a former chairman of the FTC, [countered](#) that competition watchdogs can change their minds when new evidence is found.

"There's nothing in US merger law that says an agency's decision not to challenge a proposed deal immunizes that deal from future review," he said.

Lawmakers and regulators are looking into whether Facebook CEO Mark Zuckerberg neutralizes competitive threats by absorbing them. The Wednesday legal action against the company marks the second such action against a major Tech company this year. In October, the Justice Department and 11 states filed a lawsuit against Google, claiming that it had stifled competition to maintain its dominion in online search and search advertising.

But will merely breaking the companies up have any meaningful effect on curbing the power of the Tech Elites? Or will it be like Standard Oil, which was broken up by regulators only for John Rockefeller and his allies to retain control over the fracture pieces, amounting to nothing more than a superficial reshuffling of the deck.

More important is for the federal government to remove the Section 230 protections that encourage companies such as Facebook, Twitter, and Google to censor conservative voices without any consequences. President Trump has been [extremely vocal](#) in calling Congress to take action on Section 230.

But any meaningful action is unlikely if Joe Biden gets into office. Why would his administration go after Silicon Valley when their platforms have been some of the biggest weapons in his campaign's war chest? Google-owned YouTube went so far as to [announce this week](#) that they will be deleting content that disputes the legitimacy of a Biden "win" and that showcases evidence of voter fraud in the 2020 election.

Biden will repay the favor by [giving Big Tech the cheap foreign labor](#) they desire and by [lining his administration](#) with Silicon Valley big wigs like former Google CEO Eric Schmidt.



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