

# FTC imposes \$5 billion fine on Facebook for “deceiving users” about data privacy

By Kevin Reed  
27 July 2019

The Federal Trade Commission (FTC) issued a ruling on Wednesday that ordered the social media giant Facebook to pay an unprecedented \$5 billion fine and to implement management practices enumerated in a “Mandated Privacy Program” that includes a twenty-year third-party “compliance monitoring” regime run by the Justice Department.

The settlement with Facebook—in which the company neither admits nor denies any of the allegations against it—was approved in a 3-2 vote by the FTC one month ago. The formal ruling in the US District Court of the District of Columbia was made after the deal was approved by Attorney General William Barr and was signed by representatives of the FTC and Facebook on July 23.

The deal was the product of a sixteen-month investigation by the FTC into Facebook’s alleged mishandling of the private data of its 2.2 billion active users. According to an FTC news release, the agency had charged “that the company violated a 2012 FTC order by deceiving users about their ability to control the privacy of their personal information.”

The settlement is by far the largest penalty ever levied against a company in the history of the agency. The previous largest privacy-related fine was for \$22.5 million against Google in 2012 for “misrepresented privacy assurances to users of Apple’s Safari internet browser.”

The FTC was founded in 1914 under the administration of Democratic President Woodrow Wilson as a government enforcement and regulatory agency in the era of the Sherman Antitrust Act. Over the decades, the agency has been increasingly used to shield corporate executives and owners from prosecution for a host of criminal activities and business practices that have killed or maimed workers

or been harmful to the health and well-being of the public.

The FTC currently has two Democratic and three Republican appointees—each commissioner is appointed by the President for a seven-year term—and the vote was split along party lines. In a statement announcing the settlement on behalf of the majority, Agency Chairman Joseph Simons said, “We are extremely proud of the landmark penalty and conduct relief announced today. The size of the \$5 billion penalty, as well as the percentage of profits it represents, will provide significant deterrence not just to Facebook, but to every other company that collects or uses consumer data.”

For its part, Facebook reported the settlement on its Newsroom blog explaining how the FTC ruling “is not only about regulators, it’s about rebuilding trust with people.” The post also included an infographic on how Facebook will now finally protect user privacy, something it has said so many times in the past that everyone has lost count.

The Newsroom report also included a 48-second video of a clearly-perturbed CEO Mark Zuckerberg addressing a meeting of Facebook staff saying, “This is a new chapter for the company. Privacy is more central than ever to our vision for the future and we’re going to change the way we operate the company from the leadership down and from the ground up.” His speech was not convincing.

Congressional figures from both parties also weighed in on the ruling as being too lenient. Senator Josh Hawley, Republican of Missouri, said the FTC ruling “utterly fails to penalize Facebook in any effective way” and Senator Ron Wyden, Democrat of Oregon, said, “The FTC is sending the message that wealthy executives and massive corporations can rampantly

violate Americans' privacy and lie about how our personal information is used and abused and get off with no meaningful consequences."

While the FTC and Democrats and Republicans in Washington, D.C. hypocritically prattle on about user privacy violations by "massive corporations" like Facebook, they have absolutely no qualms about the scraping of social media profiles and driver's license photo databases by the intelligence agencies while serving up lies "about how personal information is used and abused" for the purposes of surveillance and building dossiers on the entire public with "no meaningful consequences."

The FTC case against Facebook stemmed from revelations in early 2018 that the British data mining firm Cambridge Analytica had harvested the personal data of 50 million Facebook users without their permission. The data was then repackaged and sold by the consulting firm for political advertising purposes.

The Cambridge Analytica scandal had all the hallmarks of a carefully orchestrated media campaign by Democratic Party supporters to further tarnish and blame Facebook for allowing supposed "Russian meddling" in the 2016 presidential elections and the victory of Republican Donald Trump. That this type of data scraping had been going on for years and has been a central feature of Facebook's business model for paid advertising revenue was completely left out of the sensational news coverage.

Far from protecting Facebook user privacy rights—the entire \$5 billion will go to the US Treasury with not one cent to the harmed users that the FTC is supposedly standing up for—the present ruling is a significant action in preparation for more aggressive government regulation and control of the major social media platforms. With the imposition of a massive fine—\$5 billion is 24 percent of Facebook's 2018 profits—and the onerous twenty-year oversight regime, the FTC is putting all of big tech and their Wall Street investors on notice that major changes are in the making.

The FTC settlement takes place alongside of a Congressional investigation into big tech that uses similar language about protecting the public from the invasive practices of Microsoft, Google, Apple and Amazon and "breaking up" the tech monopolies. The ruling class is seeking a means of intervening

politically into the mobile, broadband wireless device and social media industries, while not disrupting the enormous earnings of these largest firms on Wall Street and maintaining their dominant role in the worldwide competition for technology products and services.

Behind the phony public relations lingo about "user rights" is a concerted effort by the state and the corporations to find a way to halt the use of social media for the purposes of expressing and organizing the rising political opposition of workers and young people against the ruling class and capitalism internationally. Every strike and struggle today—including the mass demonstrations in Puerto Rico which resulted in the governor's resignation—is being organized and coordinated with social media apps like Facebook, WhatsApp and Twitter.

The strategy of the ruling class is two-pronged. On the one hand, the tech corporations are implementing—with state assistance—censorship that stifles and blocks the development of left-wing and socialist views on their platforms. And on the other hand, the state is intervening with lawsuits, court cases and legislation to both gain access to all content on social media and impose regulation on the corporations preventing the use of social media for political and social struggle. This is the objective meaning of the campaign against "user privacy violations" and "fake news" on social media over the past two and a half years.

Google is blocking the *World Socialist Web Site* from search results.

To fight this blacklisting:

### Share this article with friends and coworkers

- Facebook
- Twitter
- E-Mail
- Reddit

To contact the WSWS and the Socialist Equality Party visit:

<http://www.wsws.org>