

The Big Read **Facebook Inc**

Is Facebook spinning out of control over Russian revelations?

Moscow's weaponisation of the social network to influence last year's US election raises grave questions

3 HOURS AGO by Hannah Kuchler in San Francisco and Barney Jopson in Washington

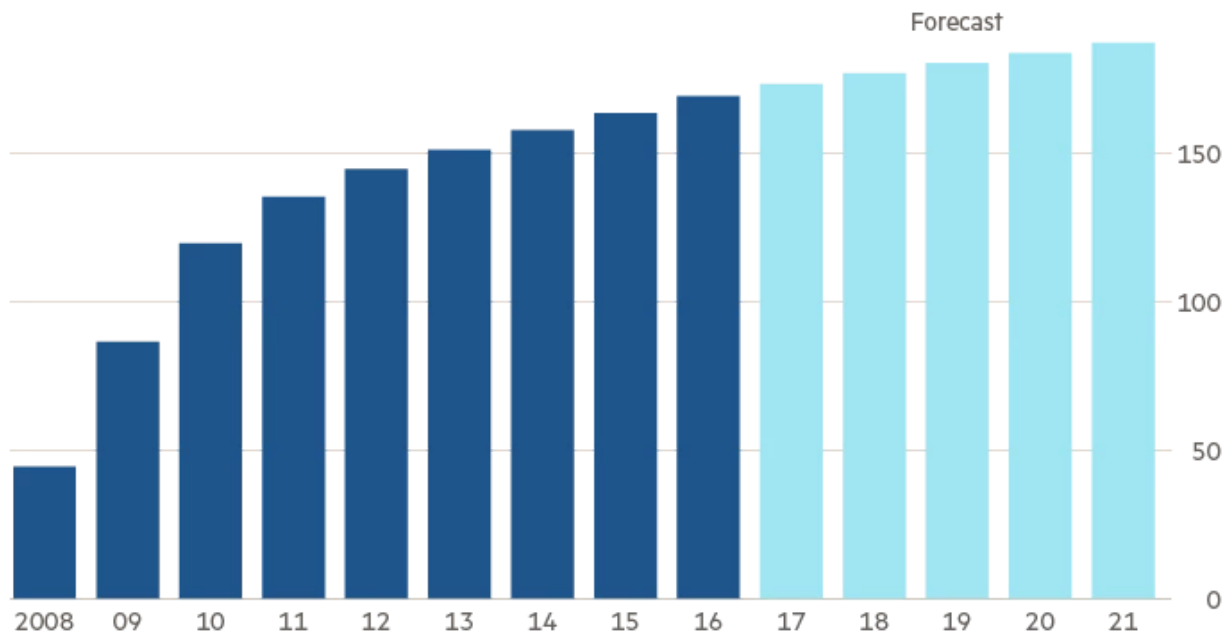
Like a shamed company announcing a product recall, [Facebook](#) bought full-page adverts in The New York Times and The Washington Post last week in an attempt to shore up its reputation. It was not suspending the social network that has become a ubiquitous news source and multibillion-dollar ad machine. But Russia's weaponisation of Facebook to [influence last year's US election](#) has raised grave questions about whether Mark Zuckerberg's product is spinning out of control.

Facebook's newspaper ads listed nine "immediate" actions it is taking to fight any attempt to interfere with elections by using its site. It also vowed to protect "its community".

A 13-year-old company that began as a small online playground for college kids to snoop on crushes, today Facebook has more than 180m users in the US and Canada, a market value of more than \$500bn and is a source of news for almost half of US adults.

Facebook active monthly US users

Millions



Source: eMarketer
© FT

But the measures have done little to [ease the political pressure](#) on the company. The revelations over [Russia's purchase of 3,000 political ads](#) threaten to shake the business to its core.

Members of Congress who used to fawn over Facebook are realising the limitations of [existing regulation](#). Its self-service platform lets anyone with a credit card buy ads without the need for direct contact with a Facebook employee. A complex algorithm creates filter bubbles that mean no single user has a full view of all the campaigns. Only in the past few weeks have lawmakers realised the potential for misuse.

The Russian-bought Facebook ads cost \$100,000 and reached 10m Americans, targeting swing states with propaganda on everything from race to guns to gay rights. And the threat has not gone away: last month Russian internet trolls sought to stir up passions in a debate over American football players kneeling in protest during the national anthem, according to James Lankford, a senator from Oklahoma.

Facebook is scrambling to reassure Congress it can bring things under control, outlining tweaks that will make it harder for malicious actors to buy political advertising and conduct misinformation campaigns. It will now require its advertisers to post all of the ads they are running to promote transparency and has plans to hire 1,000 more moderators to review their content. But

it has [yet to persuade politicians](#) that its efforts will be enough — or that Russia’s meddling does not stem from a deeper structural problem with its business.



Russia's president Vladimir Putin © EPA

Adam Schiff, the top Democrat on the House intelligence committee, which is conducting one of several Russia probes in Washington, says the measures Facebook has announced are “certainly a start, but there’s probably going to have to be a lot more done to combat this problem”. He says ads on social media that are designed to influence elections should carry disclosures about their origins in the same way that ads do on television, and some Senate Democrats are already pushing legislation to put such requirements into law.

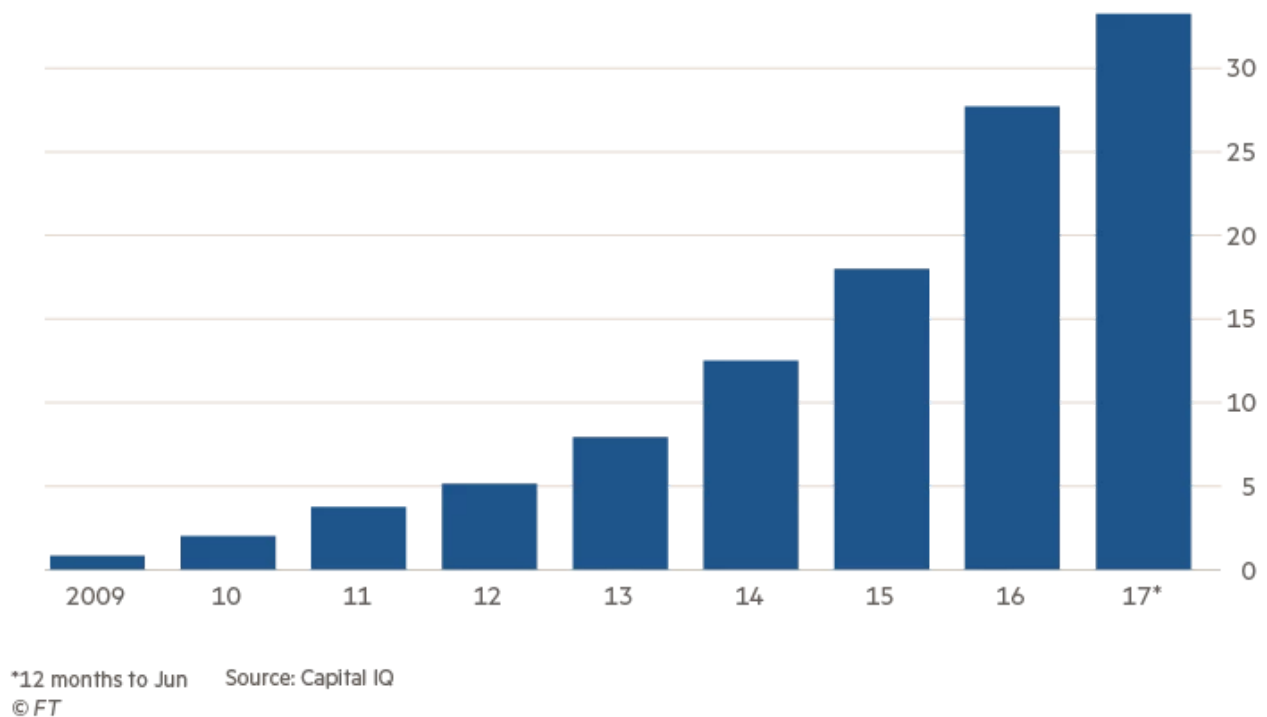
“But I think we will continue to see the Russians try to hide their hand,” Mr Schiff told the Financial Times. “So it’s one thing to propose the requirement. It’s another to be able to police that requirement.”

The Internet Research Agency sounds like a governmental body, but it is actually a Russian troll farm that has used the internet to spread misinformation in the west.

The IRA purchased more than 3,000 adverts on Facebook promoting its posts. According to US media, they ranged from “Secured Borders”, featuring President Donald Trump clad as Santa and declaring “We are going to say Merry Christmas again!”, to an ad referencing the Black Lives Matter activist movement, specifically targeted at Ferguson in Missouri and Baltimore, where there have been protests over the police shootings of black men.

Facebook revenues soar

Revenues (\$bn)



The interference by the agency has fuelled a brewing backlash against Big Tech on everything from antitrust to privacy. [Google](#) has [also found evidence](#) on its sites of ads bought by Russians during last year's US election, while the sheer size of large US technology companies, even those such as [Amazon](#) and [Apple](#) with little connection to the election, is under scrutiny.

But as the largest social media platform Facebook is the centre of attention. Mr Zuckerberg, founder and chief executive, initially said it was a “pretty crazy idea” that fake news on Facebook could have influenced the election — a statement he has spent the past year trying to roll back from.

His engineer's version of a charm offensive has included rewriting the company's mission as “bringing the world closer together”, launching new products designed to tackle fake news and filter bubbles, and travelling the US to meet users, in a tour reminiscent of a campaigning politician.

Yet Mr Zuckerberg has not convinced Washington. Mr Schiff says Russia's activity raised an issue that cuts to the core of Facebook: whether it and other companies rely too heavily on algorithms to decide which content to promote. “It's obviously a very significant issue for the companies because their business model is heavily based on automation and they really don't want to be in the content review business,” he says. “But to some degree it's going to be inevitable for them to be able to be good corporate citizens [and] to make sure that foreign countries aren't interfering in our affairs.”

One response of the tech industry is to rehearse a well-worn argument against heavy-handed government intervention to curtail free speech online.



Tech forum: Amazon chief Jeff Bezos, Alphabet CEO Larry Page and Facebook chief operating officer Sheryl Sandberg with President Donald Trump and vice-president Mike Pence. They met before Trump's inauguration last December © AFP

“The internet is a source of freedom and empowerment and protecting that freedom from censorship is an ongoing battle,” says Ed Black, president of the Computer & Communications Industry Association, a lobby group which counts Facebook among its members. “When the US gives ground in that area, the rest of the world is quick to follow.”

The industry may find more sympathy with Republicans in Congress, who have been reluctant to launch all-out attacks. “I don’t do heroes and villains,” says Darrell Issa, a Republican congressman from California and the former chief of a car alarm company. “There are no good companies, there are no bad companies. But you . . . look at their actions and you say is there something here that falls outside current law or what is good for the public interest.”

Will Hurd, a Republican member of the House intelligence committee, says he is reserving judgment on Facebook. “The use of social media for nefarious reasons — this is not a new topic. As a former intelligence officer I have dealt with terrorism [and] Isis’s use of social media to promote their message,” he says. “The Russia problem set is just a different expression of the same problem.”

However, Democrats are searching for ways to better control internet platforms, following in the footsteps of European regulators, who have been uneasy about the industry for years.

Facebook’s woes in Washington could be just the start for Big Tech companies, which face the threat of more investigations on issues from tax, data collection and job destruction, says Scott Galloway, author of *The Four: The Hidden DNA of Amazon, Apple, Facebook and Google*.

“In the next 12 months we’re going to see the mother of all fines levied at one of these companies,” he says, adding that it might be from Europe, rather than the US. Amazon and Apple were hit with [tax demands from Brussels last week](#). “The worm has turned and someone will get elected into office based on a populist attack on one or more of these firms.”



Facebook CEO Mark Zuckerberg is likely to face further calls to tighten control of ads on the site © AP

The clearest proposal of how Congress might regulate Facebook comes from two Democratic senators, Mark Warner, vice-chairman of the Senate intelligence committee, and Amy Klobuchar. They propose that platforms with a million or more users be required to maintain a public file of all election ads purchased by anyone spending more than \$10,000.

Even if such a move deters political campaigns from spending on Facebook, it would not significantly hurt the company. Facebook generated revenue of \$26.9bn last year. Borrell Associates, an advertising research group, estimates the social network received about \$400m in sales from political campaigns in the year of the US election.

Facebook has already [responded to the senators’ letter](#) by announcing it would require more documentation for people posting “US federal election-related ads”. Senator Martin Heinrich, another Democrat, wants the Federal Election Commission to take the lead and has urged it to develop new guidance for online ad platforms to prevent illicit foreign spending.

But defining which ads are related to an election will be hard. Although the Russian ads promoted political issues, they did not mention specific candidates. Such an assessment could require additional human intervention, possibly more than the additional 1,000 moderators Facebook announced it was hiring last week to oversee ad content.

Ben Thompson, a tech strategy specialist, wrote in a blog post that any system requiring a person to look at every ad would kill Facebook's self-service platform, upending its revenue model and disrupting an advertising channel for small and medium-sized businesses.

But he said Facebook could make significant changes without hurting the platform. The company should increase requirements for all advertisers, or at least those who spend significant sums or place large numbers of ads, he said.

Ben Edelman, a professor at Harvard Business School, agrees, arguing Facebook could cut out a lot of this work by giving "green lights" to big brands that buy a lot of ad space, leaving more time to scrutinise suspicious accounts. "Who are these strange little guys who came from nowhere, targeting battleground states with politically sensitive advertisements?" he asks.

Mr Edelman argues that for 200 years there has been an expectation that the press would vet stories and exercise reasonable diligence — or be held liable for the failure to do that.

"The typical librarian in an elementary school library has more training than Facebook managers who are the decision makers," he says. "The starting point in Silicon Valley is to favour methods that are highly scalable, with no person involved, and to assume that only engineering has an answer. We are seeing, to put it generously, the limitations of that line of reasoning."



Twitter storm: the platform was criticised for its evidence at a recent Senate intelligence committee hearing © AP

Even if Facebook can curtail some illegal activity, critics say there is a fundamental issue with the platform's role of using an algorithm to sell space to the highest bidder. Tim Wu, author of *The Attention Merchants*, says Congress should pass a law to ban political ads and put in place the kind of safeguards they have used to regulate broadcasters.

“You might have imagined in the year 1950, at the height of the cold war, that the Soviet Union could have tried to secretly buy ads backing someone a little bit weaker for president, or more pro-Soviet Union. But political advertising was highly, highly regulated.”

But misinformation campaigns using new tactics could still take advantage of Facebook’s structure.

“They have a business model which is centred on resale retention and maximising, above all else, time on site,” says Mr Wu. “It is therefore focused to an astonishing extent on giving people exactly what they want to see and hear.”

Twitter criticised for ‘disappointing’ evidence

It is [Twitter](#), not Facebook, that has received the most public tongue-lashing from politicians in Washington. Senator Mark Warner criticised the messaging platform after it gave evidence late last month to the Senate intelligence committee of which he is vice-chairman, for not understanding the seriousness of the Russian investigation or being prepared to answer the committee’s questions.

The Virginia Democrat called [its response “deeply disappointing”](#) and “frankly, inadequate on every level”. Twitter appeared to have based its research into whether Russian groups were spreading political propaganda on its platform on what Facebook had already discovered: identifying which suspicious Facebook accounts could have counterparts on Twitter, rather than scouring the Twittersphere for evidence of deception and misinformation.

Twitter also included tweets promoted by Russian broadcaster Russia Today as part of their evidence to the committee. [Margarita Simonyan, RT’s editor-in-chief](#), issued a sarcastic statement, emphasising that it has spent money for advertisements on billboards, radio and TV: “Twitter has just unveiled horrendous information in Congress — that we’ve been spending money on our advertising campaigns, just like every media organisation in the world.”

However, Twitter is unlikely to be the focus of investigations because it is a much smaller platform than Facebook. Beloved by journalists and politicians, it is seen as less influential over the general public: with 68m US active monthly users compared with at least 150m Facebook users in the US. The targeting options on its advertising platform are also less detailed, and marketers have concentrated their spending on Facebook and Google, which dominate the digital ad market.