After this week's hearing, Libra really might be in trouble

A recurring theme of this newsletter is that, when it comes to big tech companies, Congressional hearings are often unsatisfying. Members fail to do their homework, and embarrass us with their picayune questions. Or they play to the cameras, interrupting witnesses before they can answer. For their part, tech executives take pains to make as little news as possible. They stick closely to their talking points, and when prodded off script they claim ignorance and promise that their staff will look into it later.

Today's hearing of the House Financial Services Committee, at which Facebook CEO Mark Zuckerberg discussed his company's plan to release a cryptocurrency, offered us all of those tropes. (Though it must be said that, unlike last year, this time members seem to have largely done their homework.) And the consensus view of the day's events — Congress very mad at Facebook — is something we knew before the hearing even began.

That said, they really do seem quite mad. Here's Tony Romm in the *Washington Post*:

> *During the congressional grilling, Republican Rep. Ann Wagner (Missouri) challenged Facebook for failing to stop child exploitation online. Rep. William Lacy Clay (Missouri) lit into Zuckerberg for advertising policies that he claimed had resulted in discrimination against diverse communities on social media. And in one tense exchange, Democratic Rep. Gregory Meeks (N.Y.) upbraided Zuckerberg for his company's role in serving as an "accelerant in many of the destructive"*

> *political fights around the world.*
>
> *"Facebook has been systemically found at the scene of the crime," he began. "Do you think that's just a coincidence?"*

There were lots of exchanges that, when clipped and posted on Twitter, earned many retweets. Like when Rep. Joyce Beatty pressed him on diversity efforts. Or Rep. Sean Casten's hypothetical question about a Nazi politician. Or Rep. Alexandria Ocasio-Cortez's probing questions on the limits of political advertising on Facebook.

And yet, while there were moments when the CEO found himself tongue-tied, for the most part Zuckerberg handled himself well. As the *New York Times*' Cecelia Kang put it:

> *5Hrs later, Zuckerberg succeeded in what set out to do: Just Take The Heat. That means: do not buckle when interrupted, defend Facebook w/o appearing too defensive, don't promise anything & don't answer anything too controversial (Congresswoman, I'll get back to you) #Hearings101*
>
> *— CeciliaKang (@ceciliakang) October 23, 2019*

Weirdly, the cumulative effect of all the embittered exchanges was to make the nominal question at the center of the hearing — whether Facebook should be permitted to develop and release a new currency — feel weirdly like a sideshow.

And yet it's worth noting that it was on some of the Libra-related questions where Zuckerberg seemed to struggle the most. As Alex Heath wrote at *The Information*:

> *The roughly six-hour hearing saw Zuckerberg fumble questions from the House Financial Services Committee about how the external Libra Association will be funded, what kinds of regulations should apply to Libra, how Facebook plans to make money from Libra, and how policies like refunding fraudulent*

> *transactions will work. […]*
>
> *What Zuckerberg did make clear is that Facebook won't launch Libra without proper regulatory approval in the U.S., and that Facebook would withdraw from the Libra Association if the group eventually decided to move forward on its own without the approval of U.S. regulators. But Zuckerberg's testimony didn't shed any light on what specific laws Facebook thinks should govern Libra.*

On one hand, this hearing was always going to cast Zuckerberg in the role of a piñata. On the other, if today was supposed to advance Facebook's case that Libra is a good thing for the world, it's not clear to me that it succeeded.

It's hard to say at this juncture whether Libra remains a viable project. In the past few weeks it has had what appear to be a significant series of significant setbacks, culminating with some of its most prominent early backers quitting.

For their part, Facebook and the Libra Association have said it's nothing to worry about — and in fact may be "liberating." "I would caution against reading the fate of Libra into this update," David Marcus said earlier this month, in a tweet that struck me as being at great risk of not aging well. "Of course, it's not great news in the short term, but in a way it's liberating. Stay tuned for more very soon. Change of this magnitude is hard. You know you're on to something when so much pressure builds up."

It's true that Facebook expected a lot of pressure here. Zuckerberg talked about it in the leaked audio that I published here earlier this month:

> *The public things, I think, tend to be a little more dramatic. But a bigger part of it is private engagement with regulators around the world, and those, I think, often are*

> *more substantive and less dramatic. And those meetings aren't being played for the camera, but that's where a lot of the discussions and details get hashed out on things. So this is going to be a long road. We kind of expected this — that this is what big engagement looks like.*

The question is whether Facebook is, indeed, getting a better reception in private than it is getting in public. So far, there is little evidence that it has. In the meantime, for all their dramatizing, the lawmakers who spoke today seemed sincere in their concerns about the havoc Libra might wreak havoc on the global financial system. And if they could have voted to end the Libra experiment today, it sure seems like a majority would have.

The Ratio

Today in news that could affect public perception of the big tech platforms.

Trending sideways: There was fodder for all sides to claim partial victory after today's big Libra hearing. But the project remains in an extended limbo.

Governing

 Google employees accused company leaders of developing an internal surveillance tool to monitor their attempts to organize protests. The company said it was merely a pop-up reminder to stop employees from automatically adding tons of people to meetings. Ryan Gallagher at Bloomberg has more:

> *Earlier this month, employees said they discovered that a team within the company was creating the new tool for the custom Google Chrome browser installed on all workers' computers and used to search internal systems. The concerns were outlined in a memo written by a Google employee and*

> *reviewed by Bloomberg News and by three Google employees who requested anonymity because they aren't authorized to talk to the press.*
>
> *The tool would automatically report staffers who create a calendar event with more than 10 rooms or 100 participants, according to the employee memo. The most likely explanation, the memo alleged, "is that this is an attempt of leadership to immediately learn about any workers organization attempts."*

The top US prosecutor investigating **Facebook** and **Google** said breaking up big tech companies is "perfectly on the table." He added that while big isn't necessarily bad, "Big behaving badly is bad." Paging Dr. Seuss. (Rob Copeland / *The Wall Street Journal*)

Trolls built a trap out of **Tulsi Gabbard**'s campaign — and **Hillary Clinton** fell for it. She claimed Gabbard was a "Russian asset," parroting conspiracy theories that originated on **4chan**. Yikes. (Ryan Broderick / *BuzzFeed*)

Here's how a new bill aimed at loosening big tech's control over user data would change the internet. Making services interoperable could have some benefits for competition between social networks, this sharp piece argues — but maybe fewer than you'd think. (Adi Robertson / *The Verge*)

Facebook has an unusual relationship with the Menlo Park Police Department, a *Vice* investigation reveals. The company is paying a special "Facebook Unit" $2 million a year to patrol the area around its campus. (Sarah Emerson / *Vice*)

YouTube shut down the prominent white nationalist news channel Red Ice — but **Facebook** and **Twitter** didn't. The disjointed efforts highlights the need for big tech companies to coordinate, this piece argues. (Hannah Gais / Southern Poverty Law Center)

China’s state-sponsored hackers are changing their tactics to focus more on **iPhone** and **Android** surveillance as well as disinformation campaigns on social media. They’re primarily targeting Hong Kong protestors and ethnic minorities like Uighurs. (Nicole Perlroth, Kate Conger and Paul Mozur / *The New York Times*)

Hong Kong protesters are fighting to stay anonymous on heavily surveilled streets, and online. Police now treat every protest as an illegal assembly, and protestors face up to 10 years in jail if they’re caught. (Trey Smith / *The Verge*)

Industry

 Google attained “quantum supremacy” with a breakthrough that could change computing. Their 53-bit quantum computer, called Sycamore, took 200 seconds to perform a calculation that otherwise would have taken the world’s fastest supercomputer 10,000 years, says Gideon Lichfield in the *MIT Technology Review*:

> *The calculation has almost no practical use—it spits out a string of random numbers. It was chosen just to show that Sycamore can indeed work the way a quantum computer should. Useful quantum machines are many years away, the technical hurdles are huge, and even then they’ll probably beat classical computers only at certain tasks.*
>
> *But still, it’s an important milestone—one that Sundar Pichai, Google’s CEO, compares to the 12-second first flight by the Wright brothers.*

Sheryl Sandberg said the idea that **Facebook** contributes to a “filter bubble” is misunderstood. Apparently, 26 percent of news on people’s feeds comes from opposing viewpoints, the Facebook COO said at an event Tuesday. (Kurt Wagner / Bloomberg)

Meet the people who really do love **Mark Zuckerberg.** During his speech on free speech last week, fans peppered the livestream with adoring comments. Some people speculate that this is all fake, but there really are lots of Zuck stans out there, this piece reports. (Kaitlyn Tiffany / *The Atlantic*)

YouTube's recommendation algorithm might not be responsible for radicalizing people, says according to a new report from Penn State. The proliferation of right-wing content signals a latent demand among creators and viewers rather than algorithmic influence, it argues. (Paris Martineau / *Wired*)

CNN is considering launching a digital news service to compete with **Facebook** and **Apple**. The project, internally called NewsCo (not to be confused with Knewz!), will likely be a mix of subscription and ad-based content. (Jessica Toonkel / *The Information*)

Facebook is still sorting out how to pay publishers featured on its upcoming news tab. The company is giving millions to publications like Bloomberg and Dow Jones, but nothing to Reuters or Associated Press. (Anna Nicolaou and Alex Barker / *Financial Times*)

Also: **Amazon** launched a news aggregation app for Fire TV users in the US. The app has customizable content from outlets like Reuters, CBS, Sports Illustrated and HuffPo. (Brian Heater / *TechCrunch*)

Egyptian activists are protesting **Twitter's** content moderation policies after tons of politically active accounts were suspended. The campaign is called #WeWillSpeak. Some tweets might have violated company policies on offensive content, though the protestors deny this. (Zeinobia / Egyptian Chronicles)

Twitter general counsel Vijaya Gadde shares why the company allows bots and what they're going to do about deepfakes in this short video. (*The Wall Street Journal*)

And finally…

Walls Of Congress Dissolve Into Endless Blue Void As Zuckerberg Informs Lawmakers There No Way To Escape Facebook

My thanks to *The Onion* for a hearing take we can all agree with.

Talk to us

Send us tips, comments, questions, and Libra testimony: casey@theverge.com and zoe@theverge.com.

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