Facebook on the hook as states launch competition, privacy probe

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A coalition of states attorneys general is joining together to launch yet another antitrust probe of Facebook, joining several investigations already in progress.

“I’m launching an investigation into Facebook to determine whether their actions endangered consumer data, reduced the quality of consumers’ choices, or increased the price of advertising,” New York attorney general Letitia James said this morning. “The largest social media platform in the world must follow the law.”

The bipartisan group will determine whether Facebook used its market dominance to unfairly stifle competition. It will also examine if Facebook took anticompetitive actions that harm consumer data and privacy, “the quality of consumers’ choices,” and pricing in the digital advertising market. Attorneys general for Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee, and the District of Columbia are also participating, James’s office said in a press release.

A crowded field

Facebook cofounder Chris Hughes has been making the rounds in Washington explaining why he thinks the company should break up, and he seems at least to have an interested audience. The states are just the latest set of regulators to use the lens of antitrust law to take a deep look at Facebook's behavior and market dominance.

The Department of Justice publicly confirmed in July that the antitrust division had begun probing the widespread "concerns that consumers, businesses, and entrepreneurs have expressed" about "market-leading online platforms." The agency didn't name names but the shortlist of "market-leading" platforms that qualify is generally considered to comprise Amazon, Apple, Facebook, and Google.

Facebook told investors in July that it was the target of an open antitrust investigation by the Federal Trade Commission. Congress also launched its own series of antitrust hearings in June looking at "competition in digital markets." The investigation, which has bipartisan backing, went quiet during the August Congressional recess, but the House and Senate between them have several antitrust hearings scheduled for later this month.

Facebook's global reach—the behemoth now boasts 2.4 billion monthly active users, or just a little under a third of the Earth's population—also makes it susceptible to global investigation. The European Commission's competition bureau is also actively probing Facebook for antitrust reasons, according to media reports, while member states such as Germany are also taking action. Australian regulators also think they should maybe have a closer look.

The coming years could also get more challenging for the company depending how the political winds blow. Sen. Elizabeth Warren (D-Mass.) made a pledge to break up big tech platforms,

including Facebook, one of her major policy proposals earlier this year as she seeks to be the Democratic nominee for the 2020 presidential race.

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