Facebook’s $5 billion FTC fine is an embarrassing joke

Facebook’s stock went *up* after news of a record-breaking $5 billion FTC fine for various privacy violations broke today.

That, as *The New York Times’* Mike Isaac points out, is the real story here: the United States government spent months coming up with a punishment for Facebook’s long list of privacy-related bad behavior, and the best it could do was so weak that Facebook’s stock price went up.

From some other perspectives, that $5 billion fine is a big deal, of course: it’s the biggest fine in FTC history, far bigger than the $22 million fine levied against Google in 2012. And $5 billion is a lot of money, to be sure. It’s just that like everything else that comes into contact with Facebook’s scale, it’s still entirely too small: Facebook had $15 billion in revenue last quarter alone, and $22 billion in *profit* last year.

The largest FTC fine in the history of the country represents basically a month of Facebook’s revenue, and the company did such a good job of telegraphing it to investors that the stock price went up.

The biggest FTC fine in history increased Mark Zuckerberg’s net worth
Here’s another way to say it: the biggest FTC fine in United States history increased Mark Zuckerberg’s net worth.

What lesson would *you* learn from that? Would anyone?

That’s actually the real problem here: fines and punishments are only effective when they provide negative consequences for

bad behavior. But Facebook has done nothing but behave badly from inception, and it has only ever been slapped on the wrist by authority figures and rewarded by the market. After all, Facebook was *already* under a previous FTC consent decree for privacy violations imposed in 2011, and that didn't seem to stop any of the company's recent scandals from happening. As Kara Swisher has written, you have to add another zero to this fine to make it mean anything.

> *"violate the law once, then violate it again after you're under a consent order at a mammoth scale, then violate it so many times that we all lose track of what's happening, & you'll get a proportionately modest fine & get to continue breaking things"— the FTC to SV today.*
>
> *— Lindsey Barrett (@LAM_Barrett)* ***July 12, 2019***

There are other elements to the settlement, as Tony Romm at the *Washington Post* has reported: Facebook will have to document how it plans to use data before it launches new products, and execs like Zuckerberg will have to promise the company has protected user privacy. But none of these conditions will prevent Facebook from collecting and sharing data, and they certainly won't affect Facebook's insanely lucrative ad business, which relies upon that data.

And as Peter Kafka notes, regulatory compliance costs aren't exactly a deterrent either: Facebook will pay the fine, eat the cost of a few more lawyers and PR people to ensure compliance with this new order, and carry on with the business of, uh, issuing a new worldwide currency while exposing underpaid contractors to horrifying videos of people being murdered for $15 an hour.

> *The FTC just gave Facebook a Christmas present five months early.*
>
> *— David Cicilline (@davidcicilline)* ***July 12, 2019***

Members of Congress are already opposing this settlement — Rep. David Cicilline is calling it a "Christmas present," while Senator Ron Wyden says the FTC has "failed miserably." Senator Richard Blumenthal says the decision is "inadequate" and "historically hollow," and Senator Mark Warner says "It's time for Congress to act."

> *Facebook made $5 billion in profits in just the first three months of last year. The company is too big to oversee, and this drop-in-the-bucket penalty confirms that. The FTC should break Facebook up, plain and simple. Enough is enough.*
>
> *— Elizabeth Warren (@SenWarren)* ***July 12, 2019***

There are surely going to be many more statements and strongly-worded condemnations of the FTC in the weeks ahead, as the settlement goes through Justice Department review and inevitable approval. But words are just words, really. If our government is going to hold Facebook accountable for its reckless and irresponsible behavior, it has to actually *do* it, and in such a way that Mark Zuckerberg learns that actions have consequences.

https://www.theverge.com/2019/7/12/20692524/facebook-five-billion-ftc-fine-embarrassing-joke