

It's Time to Bust the Online Trusts

Anticompetitive practices by Google and Facebook made foreign election interference possible.

ILLUSTRATION: CHAD CROWE

By

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This week some of America's most beloved internet companies will follow the footsteps of Big Tobacco and Wall Street in a dreaded rite of passage: the Capitol Hill perp walk. The top lawyers for Google, [Facebook](#) and [Twitter](#) will try their best to explain to the Senate Intelligence Committee how misinformation spread through their platforms in the months leading up to the 2016 election.

They are also likely to argue that the best response to their platforms' negligence is not government regulation. If Google and Facebook are lucky, the result will be the passage of the bipartisan Honest Ads Act, which would merely require buyers of online political advertisements to reveal their identities. This is a necessary move to increase transparency, but it is not sufficient to protect the electorate from manipulation.

Focusing on the narrow question of online advertising will only distract lawmakers from the true problem: In the absence of rigorous antitrust enforcement, the consumer internet has become too concentrated in a few dominant companies, creating easy targets for bad actors.

There is a reason Congress did not have to investigate foreign meddling after the 2008 or 2012 elections. Back then the internet was still a diverse, decentralized network. Anyone could create a website or blog to satisfy the demand for popular or niche content. This older form of online community building has largely been supplanted by tools provided by the dominant players. Facebook Groups allows people to create communities without requiring much technical skill. It does, however, require a Facebook account, meaning participants have no choice but to share their identity and their data. Today, many internet services are inaccessible unless you have joined Facebook's "community" of two billion users.

Google used to be the engine that drove the open web. In a 2004 interview, co-founder Larry Page denounced powerful intermediaries on the internet, saying that "we want you to come to Google and quickly find what you want. Then we're happy to send you to the other sites. In fact, that's the point. The portal strategy tries to own all of the information."

Over time, Google's philosophy shifted in the opposite direction, making the internet less open and pluralistic than even a few years ago. Now people are nudged to stay on Google.com. The company has committed to presenting a single "answer" to every inquiry, even ones that are subjective opinions based on sparse Google-owned content, like "best pediatrician NYC." The result has been a decline of traffic to swaths of the web.

Facebook's walled garden is even more stringent, requiring all third-party content accessed from its app to run through its frame. As web

activity is drawn within the confines of these two tech giants, so is the revenue that follows.

Of every new dollar spent in online advertising last year, Google and Facebook captured 99 cents. Yet neither company has ever faced serious antitrust scrutiny in the U.S. A fleeting opportunity to foster competition came in 2011, when the Federal Trade Commission opened an investigation into Google's conduct. But the FTC closed the case in 2013 without taking meaningful action.

Regulators ostensibly decided to settle after being persuaded the marketplace was adequately competitive, but the assumptions baked into their conclusion have not aged well. When the investigation was begun in 2011, smartphones were a nascent product and Google's market share of internet search was 66%. Today, most search traffic has migrated to smartphones—nearly 4 in 5 Americans own one—where Google has 97% market share.

The economics have also changed for internet startups hoping to reinvent the web. Early-stage capital has dried up, dropping more than 40% since 2015, as investors have become pessimistic that any new Googles and Facebooks will ever be capable of disrupting the deeply entrenched incumbents.

The internet has turned into a pair of walled gardens, offering economies of scale for attackers. Ad dollars from Google products like YouTube and AdSense provide economic incentives to “content farms” that peddle misleading or outright false news. Russia Today, Moscow's official English-language television network, is a “premium partner” on YouTube, entitling it to higher shares of revenue from advertisements

sold by Google. A quick estimate—multiplying standard rates of revenue-sharing by RT’s view counts—suggests Google could be sending the Russians seven-figure annual payouts. Facebook has already identified at least \$100,000 spent by Russians on its platform to influence voters. Paid ads have the ability to amplify the virality of the fake content. This suggests a feedback loop optimized for mischief: monetize on Google, and spend the proceeds to propagandize on Facebook.

Policy makers can solve this problem by compelling large information firms to embrace interoperability. Instead of trying to own everything, Google could power its local searches with services like [TripAdvisor](#) , [ZocDoc](#) and [Yelp](#) . This would dilute Google’s position as an advertising monopoly and help smaller players to compete. Facebook could allow users to export their full social graph, which would allow them to bargain for better terms from new social startups. Such efforts would diffuse information once again across the web, ensuring that future attempts at malfeasance cannot scale.

For the most egregious examples of anticompetitive conduct by a dominant internet firm, antitrust enforcers should fight to spin off newer business lines that leverage the legacy platform. If regulators find that Facebook is using its social data to foreclose competing messaging apps, they should consider structurally separating the company’s social and messaging functions. Instead of steering users to its house products, Google should rely on its merit-based algorithms to power services like local search.

Requiring transparency for political advertising online is a good step, but it isn't enough. Until the structural problems in the technology markets are addressed, American voters will continue to consume information from a pair of barrels—Google and Facebook—in which we are much easier to shoot.

