

# Appendix C

## Facebook and Privacy

Mark Zuckerberg as a sophomore at Harvard developed a program called Facemash that allowed users to evaluate the photos of two students and determine which image was “hotter.” The photos were downloaded from the online directories of several Harvard dormitories. Facemash attracted twenty-two thousand photo views in the first few hours before being shut down by university administrators who threatened to expel Zuckerberg for violating various university rules, including a disregard for individual privacy.

Three Harvard seniors were impressed by Zuckerberg’s technical expertise and invited him to join them in developing a social network project titled HarvardConnection. Zuckerberg roughly a month later launched another social media site, TheFacebook, and almost half of Harvard students registered on Zuckerberg’s site (the three original developers of HarvardConnection later charged that Zuckerberg had improperly used their ideas and in 2008 settled for 1.2 million shares of Facebook stock). Zuckerberg and several of his friends subsequently expanded the project to include other Ivy League colleges and universities, and they eventually left Harvard for Palo Alto, California, the home of Stanford University.

Facebook quickly attracted wealthy investors, added features, and began enrolling other users by opening the social network to anyone over the age of 13 with an e-mail address. These new features included the ability to upload photographs and to tag people in the photos, a news feed, and mobile Web access. The “like” button and “getting likes” was another extremely popular feature that developed into a marker of social approval and popularity.

Facebook has been animated by the idealistic vision that by facilitating open communication between individuals the social media site will help to build community, solidarity, and understanding. At times there seemingly has been a tension between these idealistic aspirations and the business side of social media. Facebook in the past epitomized the Silicon Valley ethos of “move fast and break things” and from the beginning seemed to lack concern with the privacy of users. There is no better example than the revelations regarding the relationship between Facebook and Cambridge Analytica (McNamee 2019).

Cambridge Analytica was created in 2014 as an affiliate of Strategic Communication Initiatives (SCI), a British consulting firm specializing in categorizing consumers based on their psychological profiles and applying these data to influence voting behavior.

Cambridge Analytica was established by SCI to work in U.S. elections. The firm was largely funded by wealthy conservative multimillionaire Robert Mercer who along with Steve Bannon subsequently served as the primary digital advisor for the Trump presidential campaign. Cambridge claimed to have pioneered a “psychographic” approach to influencing voter behavior. Voters would be evaluated on five thousand dimensions based largely on data obtained from aggregation firms. This consumer information would be combined with psychological data obtained from social media and the firm’s own survey research. Based on these data, voters would be categorized into a number of personality types. These voters based on their profile then would be targeted by emotional appeals in Facebook ads, mailings, and personal communications.

Cambridge, in 2015, hired Aleksandr Kogan, who previously had worked with Facebook, and who was affiliated with a university in St. Petersburg, Russia. Kogan and his business partner Joseph Chancellor, without disclosing their relationship with Cambridge Analytica to Facebook, received authorization to conduct what they represented was a research study of personality types. They paid 270,000 Facebook users \$1 to \$2 each to take the test. A Facebook tool made available in 2010 allowed Kogan to obtain friends lists and data from users who took the test. This permitted Cambridge to access users’ profiles and information on over 49 million of their friends.

Cambridge Analytica was able to match as many as 30 million of the Facebook profiles to voter files, which included information about voters along with their voting history. The 30 million profiles constituted a significant percentage of all eligible voters in the United States. Cambridge Analytica subsequently was hired to provide digital support to the Trump presidential campaign and used the Kogan data to target users inside Facebook, encouraging some individuals to vote by exploiting their grievances and outrage and discouraging other individuals, particularly African Americans, from voting. Although Hillary Clinton won the popular vote, Donald Trump won the Electoral College by carrying three midwestern states by a total of 77,744 votes.

Kogan violated Facebook's terms of service by sharing the data he collected with Cambridge Analytica, which financially profited by using the data to consult with the Trump campaign and with other campaigns rather than using the data for research purposes. Following the revelations about Cambridge Analytica, Facebook, in March 2018, sent letters demanding that the firm delete all Facebook data. There is evidence that Facebook, in fact, had been aware as early as December 2015 that Kogan was working on behalf of Cambridge Analytica.

Facebook's failure to monitor Kogan and Cambridge Analytica's exploitation of user data was compounded in April 2019, when hackers compromised the personal information of 50 million users of Facebook. Three software flaws in Facebook's systems allowed hackers to break into user accounts, including those of the top Facebook executives Mark Zuckerberg and Sheryl Sandberg. Attackers may have gained access to apps like Spotify, Instagram, and hundreds of others that allow users to log into their systems through Facebook.

In 2011, Facebook entered into a consent decree with the Federal Trade Commission (FTC) requiring Facebook to provide improved protections for the privacy of users of the site. The consent decree, in part, was a reaction to the fact that Facebook had periodically shared data with Amazon and Netflix without user consent and had allowed apps like FarmVille to collect user data regardless of user privacy settings. As late as 2018, Facebook was allowing Yahoo, Spotify, Netflix, and Apple access to users' information without their consent.

The FTC responded to the Cambridge Analytica scandal by fining Facebook \$5 billion and requiring Facebook to establish improved protection for user data and placing restrictions on Facebook's ability to collect and to share data with third parties. The FTC fine although damaging to Facebook's reputation was a small percentage of Facebook's \$56 billion in annual revenue. It nonetheless at the time was the biggest fine levied by the federal government against a technology company, easily eclipsing the \$22 million imposed on Google in 2012. The dollar amount of the penalty underscored the rising frustration among Washington politicians and regulators with what was viewed as the irresponsible fashion in which tech firms collected, stored, and used individuals' data.

Zuckerberg apologized for "a breach of trust between Facebook and the people who share their data with us and expect us to protect it." He announced that Facebook would prioritize the protection of privacy and focus more on communication between family and friends rather than providing a platform for a debate on public policy.

Cambridge Analytica was only one of tens of thousands of apps that had harvested data on Facebook, and it is likely that virtually all Facebook users between 2010 and 2014 had their data transferred without their awareness or consent. In August 2018, Facebook suspended sixty-nine thousand apps, ten thousand of which had misappropriated data from Facebook users (C. Jeffrey and Bauerlein 2019; A. Krill 2018).

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## FACEBOOK AND POLITICAL ADVERTISEMENTS

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In 2019, in anticipation of the 2020 presidential campaign, Mark Zuckerberg gave a speech at Georgetown University defending the company's policy of not examining the truthfulness of political advertisements. He contrasted Facebook's commitment to free expression with

Chinese social media platforms, which are subjected to government control and censorship. Zuckerberg argued that “people having the power to express themselves . . . is a new kind of force in the world” that constitutes a mechanism alongside the media and government institutions to control the abuse of power.

Facebook has stated that even untruthful political advertisements are part of the political debate and that posting these advertisements is in the public interest. Cable news companies, including CNN, MSNBC, and CNBC, refuse to accept false political advertisements.

Facebook’s policy was tested when the Trump campaign released a video falsely claiming that former vice president Joe Biden was involved in financial corruption in Ukraine. Facebook refused a request by the Biden campaign to remove the Trump advertisement, which had been viewed five million times. Senator Elizabeth Warren demonstrated what she viewed as the flaw in Facebook’s policy by paying for an inaccurate advertisement stating that Zuckerberg had endorsed the reelection of President Trump. Commentators have asserted that Facebook’s “hands off” policy creates the opportunity for political candidates and foreign governments to engage in disinformation efforts during the 2020 and future political campaigns.

Skeptics have claimed that Facebook under the claim of promoting freedom of expression and democratic values was really concerned with the economic “bottom line.” Zuckerberg responded that political advertisements are a minor part of Facebook’s \$55.8 billion in revenues and that it was impractical for Facebook to prohibit political advertisements because of the difficulty of determining what advertisements were “political.” Facebook also was ill equipped to be the referee of which political advertisements were “true” and which were “false.”

Other critics point out that the Trump administration advertises heavily on Facebook and that the company is fearful that limiting political advertisements will lead the Trump administration to retaliate against Facebook.

More than 250 Facebook employees signed a letter protesting Facebook’s decision to accept political advertisements without examining the messages’ truthfulness. The letter although signed by a miniscule percentage of Facebook’s 35,000 employees was viewed as a sign that there was disagreement with Zuckerberg’s decision within the company.

Jack Dorsey, the chief executive of Twitter, subsequently announced that the company would ban all political advertisements, including those that focused on public policy issues. He explained that false political ads and manipulated videos posed a challenge to the integrity of democracy. Twitter will prohibit advertisements that discuss elections, candidates, parties, and other political issues. Advocacy organizations that promote causes such as climate change will be allowed to post advertisements but will be prohibited from targeting individuals residing in certain zip codes or urban areas.

Google accepts advertisements from verified U.S. entities and reviews the ads for violations of company policy, including misrepresentations or dishonest claims. Google in 2018 rejected seven of the first one hundred advertisements sponsored by the Trump campaign. In 2019, Google announced that political advertisers would be permitted to target their ads at individuals based on age, gender, location, or the content of the websites they visit. Ads may not be directed at individuals based on voting records or their political ideology. The policy applies to ads shown to users of Google’s search engine and YouTube and ads that are sold by Google that appear on other websites (Conger 2019).

*What is your view of Facebook’s approach to political advertisements? Is Facebook as Senator Warren alleged a “disinformation-for-profit machine”? Should Facebook as argued by Marc Benioff, chief executive of the online company Salesforce, be held accountable for propaganda on its platform (C. Kang and Isaac 2019)?*