

Break up Facebook: Latest hack proves it's a dangerous monopoly that a fine won't fix.



Facebook is too big to control. That simple reality becomes clearer with each passing day. The most recent example is the news this past Friday of a security breach that allowed [hackers to access](#) at least 50 million accounts; earlier that week, Facebook admitted to [sharing phone numbers](#) users provided to improve their account security with advertisers.

Over the past year, the social media giant has experienced [scandals](#) like these on a regular basis, often of massive scale and tremendous real-world consequence. Those facts — plus its ability to survive these scandals — is leading to a growing recognition that Facebook is one of the world's most dangerous monopolies. The range of extraordinary harms

deriving from Facebook's monopoly power are why the company must be broken up — and competition restored — as a fundamental component of a solution.

This is certainly not hard to do, technically speaking. And the power to do so lies with the Federal Trade Commission, which upholds competition in the economy. In 2011, Facebook signed what's known as a [consent decree](#) with the FTC, pledging to protect user privacy. That decree has clearly been violated: In one incident alone, data from up to [87 million users](#) was unknowingly shared with the Cambridge Analytica research firm attached to the Trump campaign — resulting in [up to \\$2 trillion](#) in fines.

Fines will not deter Facebook

That broken decree gives the FTC the power to [fine Facebook](#), but more importantly, the leverage to impose other, far more effective remedies, such as spinning off WhatsApp, Instagram, and Messenger and interoperability standards to end Facebook's network dominance, allowing other companies a chance to compete for users.

Of course, there will be those who argue that such a step goes too far or hurts a successful American business. They'll likely argue that a fine will be enough to discourage more bad behavior.

But even a historic fine won't begin to solve the problem. Consider: This year, Google was slapped with a \$5 billion fine by the European Union for [stifling competition](#) in the smartphone market. However, as [The Economist](#) noted, Google “protests loudly but treats the penalty as a [cost of doing business](#).” And why shouldn't it? The fine was just 5 percent of [Google's cash balance](#). This is a company with unrivaled market dominance and a parent — Alphabet — that makes more than [\\$600 per second](#). A \$5 billion fine isn't enough to cause a change in behavior. Nor did Google change after earlier fines, including [\\$2.7 billion](#) last year.

Make Facebook spin off Instagram

The same is true for Facebook. A hefty fine would be budgeted as a cost worth incurring in the pursuit of ever-greater market power. Facebook's very business model — collecting data on its users and then selling that data to the highest bidder — ensures that it will never take privacy seriously or take the necessary steps to boot nefarious parties off the platform. Doing so would simply be too expensive.

Breaking Facebook up, however, would bring pressure to bear on it in a different way: by reintroducing competition that is largely absent in the social media space. At the moment, Facebook, along with its subsidiaries, accounts for [77 percent](#) of mobile social networking traffic in America. It has no real competitors.

The FTC can fix that by forcing Facebook to spin off WhatsApp, Instagram and Messenger. At a minimum, a WhatsApp divestiture would enforce the FTC's [own order](#) regarding that 2014 acquisition. At the time, the commission said Facebook could not change the way in which it used existing WhatsApp users' data without obtaining their consent. Facebook [changed those terms](#) anyway.

More: [Google, Twitter and Facebook should evaluate their biases before Congress intervenes](#)

[Dear Jeff Sessions and conservatives, don't mess with Google, Facebook or Twitter](#)

[Google, Twitter and Facebook should just be honest if they don't like conservatives](#)

Facebook should also be barred from making any new acquisitions for at least five years, giving these and other competitors the chance to grow and develop business models different from Facebook's. These measures, along with giving upstarts a shot by imposing new interoperability standards, would help create a well-functioning market and strengthen user market power.

Bipartisan scrutiny of the role tech giants play in the economy and in shaping American democracy has taken an encouraging turn in recent months. A significant number of lawmakers are focused on the problem and proposing new and encouraging solutions. Now, bipartisan state attorneys general are looking into [potential antitrust remedies](#) for big tech.

FTC has the power and needs to use it

However, the immediate opportunity lies with the FTC. It has in hand an agreement with Facebook that the company has flaunted. All the commission has to do is enforce it.

This is a real credibility test for the FTC. If companies are allowed to ignore consent decrees without the commission levying meaningful penalties, they will certainly do so. The FTC shouldn't cower from this moment. It should embrace it, and use its power to break up Facebook's social media monopoly.

The FTC needs to protect consumers — and democracy — by forcing Facebook to really change for the better. Don't just slap the company on the wrist with a fine that will turn into another line item on a corporate expense report.

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