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No Easy Solutions: Facebook's Response To Russian Hacking May Determine Tech's Regulatory Future



Richard Levick Contributor 

I write about the intersection of business and public affairs.



Facebook Founder and CEO Mark Zuckerberg. (Photo by Paul Marotta/Getty Images)

This is the third in an occasional series ([column 1](#) & [column 2](#)) that explores the public affairs challenges facing technology companies in a daunting new world filled with hostile foreign powers, unsettling labor, employment, and intellectual

property issues, and unprecedented concerns over freedom of speech and privacy.

In many ways, [Mark Zuckerberg](#) is a talisman for the rest of Silicon Valley. The Facebook founder and social media pioneer has always embodied the Valley's swashbuckling entrepreneurship.

But Zuckerberg's libertarian buccaneering days are likely behind him as he has finally started to recognize the perils facing Facebook and his industry, not to mention owning up to his responsibility in cleaning up the Russian hacking of his company's services that tainted [the 2016 election](#). The same holds true for the rest of the tech community, much of which ([Twitter](#), [DreamHost](#), and [Disqus](#), to name but a few) was manipulated by cyber crooks working under the thumb and index finger of Vladimir Putin.

Suddenly Silicon Valley has become *the* front line in America's fight to keep hostile foreign powers from throttling our democratic institutions. Russia's thuggish behavior is especially thorny for the Big Five, the so-called [FAANG](#) companies – Facebook, Amazon, Apple, Netflix, and Google.

In recent weeks it has become apparent that Russia's military intelligence unit, the GRU, an offshoot of Putin's alma mater, the KGB secret police, targeted Facebook and other Web-hosting platforms to trumpet the emails it had stolen from Hillary Clinton's [campaign](#) and the Democratic National Committee. All this follows revelations that the Russians tapped phony Facebook accounts to spread malicious anti-minority and anti-immigrant messaging and to purchase at least [\\$100,000](#) worth of anti-Clinton advertising.

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Zuckerberg and Facebook were slow to recognize the gravity of the Russian threat. In the immediate wake of President Trump's surprise victory, Zuckerberg said it was "crazy" to believe that his company's platforms had been [exploited](#) by a foreign adversary. But after he and President Obama had a private conversation in mid-November 2016 and evidence of Russia's skullduggery mounted, Zuckerberg has acknowledged that Facebook has a responsibility to atone for its missteps.

Russia's depravity runs deep. One of the GRU's hacking divisions, the cyber thieves that experts suspect were behind the original DNC breach, goes by the obnoxious moniker [Fancy Bear](#). Another is known as The Troll Factory. If Zuckerberg doesn't figure out a way to contain these thugs he runs the risk of watching his company and [other tech giants](#) get devoured by federal regulation – the scenario that Silicon Valley has managed to avert all these years.

Zuckerberg's recent tour of the [country](#) demonstrates that he and Facebook are beginning to understand the implications of Russia's meddling. Facebook executives are publishers – not cowboys – with, at least, it would seem, some of the responsibility of legacy media. Now the issue becomes: How much of a leadership role is Facebook willing to take in finding real solutions? And how far will it go in disclosing its own corrective actions? Without concerted disclosure and transparency, Zuckerberg could become, in the public's eye, just another robber baron. In 2011, Facebook argued before the Federal Election Commission that its ads were "small items," like campaign buttons, and should be exempt from campaign disclosure rules.

Facebook's public affairs and communications strategy is only now evolving. The phalanx of Washington [lobbyists](#) they've retained rivals Exxon-Mobil and dwarfs the big Wall Street firms. Yet so far they've all stayed mum about Facebook's strategy.

The potential regulations faced by Facebook and others are not insignificant. In the last few days, these regulatory ideas have begun to percolate in policymaking circles:

- Web platforms with more than one million users would be compelled to publicly disclose the names of individuals and organizations that spend more than \$10,000 on [election-related advertisements](#).
- Providers would be required to establish a public database and display digital copies of all relevant ads.
- The database would also have to house all “electioneering communications,” including a description of its targeted audiences, its view count, the exact timing of its placement, its price, and detailed contract [information](#).

And that’s just the beginning. The draconian antitrust fines and taxes that the European Union has begun to assess against the [FAANG](#) companies could find their way across the Atlantic. It’s entirely plausible to suggest that Web companies could be looking at a regulatory regimen not unlike that imposed by the Federal Communications Commission on television and radio broadcasting in the [1950s and ‘60s](#): a “fairness doctrine,” requirements for community service and public-spirited broadcasting, an insistence on children’s educational programming, prohibitions against “obscene” or “indecent” material, et al.

[Robert Corn-Revere](#), a partner at Davis Wright Tremaine who specializes in communication and information technology law, notes that, “People who worry about large, unaccountable tech companies should worry more about large tech companies subject to the control of politicians and regulators. In that regard, the experience of Europe – not to mention our own history with regulating communications technologies – should serve as a cautionary tale.”

Veteran technology policy lobbyist [Kim Koontz Bayliss](#) of Perry Bayliss adds, “How tech companies [respond](#) to mounting Congressional criticism is extremely important and will dictate how policymakers treat them going forward on everything from antitrust to zero-rating. The more integral these companies become to the lives of average Americans, the more serious the threat. They must work harder to educate policymakers about how they are conducting their business.”

The FAANG companies must also work harder at communicating the economic, educational, and cultural benefits that technology brings *every minute of every day* to American life – and not just to policymakers and opinion leaders, but *to everyone*. They need to enlist grassroots and grassroots allies that can take their message to those parts of America that feel left behind in the information revolution.

They need to ramp up their corporate social responsibility programs and rededicate themselves to bridging the Technology Divide that separates the upwardly mobile from those struggling to get ahead. Too often, that gap makes rural and less fortunate communities feel abused and forgotten. If technology has separated those with 20th century skills in a 21st century workplace, it must now help bridge that gap so that anger subsides and reason – and hope – return.

When Americans living along the East or West Coast hear “robotics” or the “Internet of Things” they look forward to the prospect of mastering new technology. When a rural or at-risk American hears about exotic breakthroughs, they fear their jobs and way of life are being threatened.

Beyond the specter of added taxation and regulation, there is another *bête noire* with which the Big Five must grapple. Part of it is a byproduct of the Technology Divide but in truth its roots run much deeper.

Trump’s victory heralded a new kind of American populism – a contempt for big money and big institutions that is far more belligerent than its predecessor of a century ago.

The radical nationalist movement championed by Trump Svengali [Steve Bannon](#) is not just anti-establishment; it’s anti-*anything* that smacks of the ruling class, with Big Tech at the top of the list. Many Americans – and not just Trump voters living in small towns – resent tech’s ubiquitous presence and prodigious money-making. They would applaud any leader slapping it down.

This anti-elite populism is likely to survive Trump’s tempestuous presidency. Mark Zuckerberg, his Silicon Valley compatriots, and this country are facing some serious cyber hurdles. It’s not just Fancy Bear that lurks on our pathway.

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Richard Levick, Esq., @richardlevick, is Chairman and CEO of LEVICK. He is a frequent television, radio, online and print commentator.



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