

Zuckerberg defends Facebook's currency plans before Congress

October 24 2019, by Marcy Gordon, Barbara Ortutay and Ken Sweet



Facebook CEO Mark Zuckerberg testifies before a House Financial Services Committee hearing on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, on Facebook's impact on the financial services and housing sectors. (AP Photo/Andrew Harnik)

Facebook CEO Mark Zuckerberg endured hours of prickly questioning

from lawmakers Wednesday as he defended the company's new globally ambitious project to create a digital currency while also dealing with widening scrutiny from U.S. regulators.

Representatives also grilled Zuckerberg on Facebook's track record on [civil rights](#), [hate speech](#), privacy and misinformation—not surprising given the litany of scandals Facebook has been dealing with over the past two years.

The House Financial Services Committee's immediate focus was Facebook's plans for the currency, to be called Libra. Zuckerberg took pains to reassure lawmakers that his company won't move forward with Libra without explicit approval from all U.S. financial regulators.

Still, many members of the panel appeared unconvinced.

Rep. Maxine Waters, the California Democrat who chairs the panel, said the Libra project and the digital wallet that would be used with it, Calibra, "raise many concerns relating to privacy, trading risks, discrimination ... [national security](#), monetary policy and the stability of the global financial system."

Furthermore, Waters told Zuckerberg, "You have opened up a discussion about whether Facebook should be broken up."

The social media giant has sparked public and official anger at every turn, from its alleged anticompetitive behavior to its shift into messaging services that allow encrypted conversations, to its refusal to take down phony political ads or doctored videos.



Facebook Chief Executive Officer Mark Zuckerberg arrives for a hearing before the House Financial Services Committee on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, to discuss his plans for the new cryptocurrency Libra. (AP Photo/Susan Walsh)

The breakup specter—the [worst-case scenario](#) for Facebook and other tech behemoths—has been raised by prominent politicians , notably Sen. Elizabeth Warren, a leading Democratic presidential candidate.

The Justice Department, the Federal Trade Commission, the House Judiciary antitrust subcommittee and attorneys general in several states are all conducting investigations of Facebook and other tech giants amid accusations that they abuse their market power to crush competition.

Zuckerberg was on the defensive at the hearing, his first testimony to Congress since April 2018, parrying criticism but also acknowledging lapses. He conceded at one point that the Libra project is "risky," acknowledging several high-profile companies such as Visa, MasterCard and PayPal had signed on as partners in the currency's governing association but have recently bailed.



Facebook Chief Executive Officer Mark Zuckerberg, center, is surrounded by photographers after arriving for a hearing before the House Financial Services Committee on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, to discuss his plans for the new cryptocurrency Libra. (AP Photo/Susan Walsh)

Under continued criticism of Facebook's handling of hate speech and

potential incitements to violence on its site, he said, "We're not perfect. We make a lot of mistakes."

Trust was a central theme of the hearing. Given Facebook's history, "why should Congress, regulators and the [public trust](#) you to create what amounts to the world's largest bank, what really amounts to a shadow sovereign government?" asked Rep. Madeleine Dean, a Democrat from Pennsylvania.

Responded Zuckerberg: "Well, congresswoman, we are not creating a bank. We are helping an organization create a payment system."

Zuckerberg held up China as a strong reason for encouraging innovation as embodied in the Libra project.

"While we debate these issues, the rest of the world isn't waiting," he said. "China is moving quickly to launch similar ideas in the coming months."



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Facebook also has cited competition from China as a compelling argument against breaking up the company.

Zuckerberg's China statements found a ready echo from some Republicans on the committee, such as Rep. Patrick McHenry of North Carolina, who stepped up to defend the Libra project and urge lawmakers not to put "innovation on trial."

But Democrats, in a rare tilt, allied themselves with President Donald

Trump and his Treasury secretary, Steven Mnuchin, who have publicly criticized the Libra plan. Mnuchin and other regulators, including Federal Reserve Chairman Jerome Powell, have warned that the digital currency could be used for illicit activity such as money laundering or drug trafficking.

Zuckerberg touted his optimistic vision of Libra and what it could mean for people around the world who don't have access to bank accounts.



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Facebook Chief Executive Officer Mark Zuckerberg, front center, turns back and smiles after arriving for a hearing before the House Financial Services Committee on Capitol Hill in Washington, Wednesday, Oct. 23, 2019. (AP Photo/Susan Walsh)



Facebook Chief Executive Officer Mark Zuckerberg, front right, is surrounded by photographers after arriving for a hearing before the House Financial Services Committee on Capitol Hill in Washington, Wednesday, Oct. 23, 2019. (AP Photo/Susan Walsh)



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Rep. Alexandria Ocasio-Cortez, D-N.Y., appears before Facebook CEO Mark Zuckerberg arrives for a House Financial Services Committee hearing on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, on Facebook's impact on the financial services and housing sectors. (AP Photo/Andrew Harnik)



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Chairwoman Rep. Maxine Waters, D-Calif., appears before Facebook CEO Mark Zuckerberg arrives for a House Financial Services Committee hearing on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, on Facebook's impact on the financial services and housing sectors. (AP Photo/Andrew Harnik)



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Ranking Member Rep. Patrick McHenry, R-N.C., left, and Chairwoman Rep. Maxine Waters, D-Calif., speak together before Facebook CEO Mark Zuckerberg arrives for a House Financial Services Committee hearing on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, on Facebook's impact on the financial services and housing sectors. (AP Photo/Andrew Harnik)



Rep. Rashida Tlaib, D-Mich., center, appears before Facebook CEO Mark Zuckerberg arrives for a House Financial Services Committee hearing on Capitol Hill in Washington, Wednesday, Oct. 23, 2019, on Facebook's impact on the financial services and housing sectors. (AP Photo/Andrew Harnik)



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A bulk of the hearing also focused on Facebook's record on diversity and civil rights. Rep. Joyce Beatty, a Democrat from Ohio and vice chair of the Congressional Black Caucus, lambasted Zuckerberg over his company's track record on both.

Demanding yes or no answers, Beatty asked Zuckerberg, for instance, how many of Facebook's stable of big law firms are minority or woman-owned or how many women or minority partners work on the company's cases.

She told Zuckerberg Facebook works with civil rights groups only because of "the number of lawsuits you've had."

A subdued-looking Zuckerberg didn't get in much in the way of answers. Beatty finished by calling Facebook's conduct "appalling and disgusting" and told Zuckerberg that "you have ruined the lives of many people, discriminated against them."

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Citation: Zuckerberg defends Facebook's currency plans before Congress (2019, October 24) retrieved 2 May 2024 from

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