

State attorneys general teaming up on antitrust probes of Facebook and Google

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Tech giants Facebook and Google are facing more scrutiny into their business practices.

A multi-state [antitrust investigation](#), led by New York State Attorney General Letitia James, is focusing on "Facebook's dominance in the industry and the potential anticompetitive conduct stemming from that dominance," she said Friday.

Other states involved in the bipartisan initiative, says James, who is a Democrat, include the attorneys general of Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee, and the District of Columbia.

Another collective of states, led by Texas Attorney General Ken Paxton, plans to announce the launch of a multi-state investigation "into whether large [tech companies](#) have engaged in anticompetitive behavior that stifled competition, restricted access, and harmed consumers," the attorney general's office announced Friday.

That probe, which will be announced Monday outside the U.S. Supreme Court, will include an

investigation of Google and its sway in the digital advertising market, The Wall Street Journal reported Friday. About three dozen state attorneys general are signed on, The Journal reported, citing persons knowledgeable of the situation.

Both of the tech companies said they would work with state officials on their concerns.

"Google's services help people every day, create more choice for consumers, and support thousands of jobs and small businesses across the country," the company said in a statement sent to U.S. TODAY. "We look forward to working with the attorneys general to answer questions about our business and the dynamic technology sector."

"People have multiple choices for every one of the services we provide. We understand that if we stop innovating, people can easily leave our platform. This underscores the competition we face, not only in the U.S. but around the globe," said Will Castleberry, Facebook's vice president for state and local policy, in a statement sent to U.S. TODAY.

"We will work constructively with state attorneys general and we welcome a conversation with policymakers about the competitive environment in which we operate," Castleberry said.

These state-led investigations come as tech companies face similar heightened inquiries from federal regulators. In July, the Justice Department announced it would review online platforms—supposedly including social networks such as Facebook and Twitter, as well as Google and Amazon—for potential anti-competitive and anti-consumer actions.

On Wednesday, Google and another Alphabet-owned unit, YouTube, agreed to pay a record \$170 million to settle claims they illegally tracked viewers of videos geared toward children in order to show

them targeted advertising.

Two months ago, Facebook also agreed to pay a record \$5 billion fine as part of its settlement with the Federal Trade Commission over privacy violations brought to light during the 2018 Cambridge Analytica scandal, in which as many as 50 million Facebook users' data was misused.

These state investigations could "start the drumroll" into a scheduled Sept. 24 Senate Judiciary antitrust subcommittee hearing about digital platforms, said Daniel Ives, an analyst with Wedbush Securities.

He expects a "no harm, no foul" outcome, with some potential fines "in a worst case scenario rather than forced breakups of the underlying businesses," he wrote in a note to investors Friday.

That's because anti-competition "is a difficult case to make for Facebook and Google (which provide free consumer services), and a stretch for Amazon (which has objectively competitive prices)," Ives said.

Looking at just the U.S. digital advertising market, Google is expected to own about 37% of the estimated \$129.3 billion in spending this year, according to eMarketer. Facebook is expected to get about 22%, the research firm estimates. Amazon is expected to grow its share of U.S. digital ads to about 9% from about 7% in 2018.

But it's not just about market share for regulators. "Even the largest social media platform in the world must follow the law and respect consumers," James said in a statement. Her office participated in the FTC's investigation into Google and YouTube that resulted in this week's settlement.

"We will use every investigative tool at our disposal to determine whether Facebook's actions may have endangered consumer data, reduced the quality of consumers' choices, or increased the price of advertising," she said.

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