

Facebook profits rise amid Facebook Papers findings

October 26 2021, by Barbara Ortutay and Kelvin Chan



In this handout photo provided by UK Parliament, Facebook whistleblower Frances Haugen, right, gives evidence to the joint committee for the Draft Online Safety Bill, as part of government plans for social media regulation, in London, Monday, Oct. 25, 2021. Haugen said Monday that Facebook is making online hate and extremism worse and outlined how it could improve online safety. Credit: Annabel Moeller/UK Parliament via AP

Amid fallout from the Facebook Papers documents supporting claims that the social network has valued financial success over user safety, Facebook on Monday reported higher profit for the latest quarter.

The company's latest show of financial strength follows both an avalanche of reports on the Facebook Papers—a vast trove of redacted internal documents obtained by a consortium of news organizations that included The Associated Press—but also of [Facebook whistleblower Frances Haugen's testimony](#) to British lawmakers.

Facebook said its net income grew 17% in the July-September period to \$9.19 billion, or \$3.22 per share, , buoyed by strong advertising revenue. That's up from \$7.85 billion, or \$2.71 per share, a year earlier. Revenue grew 35% to \$29.01 billion. Analysts, on average, were expecting earnings of \$3.19 per share on revenue of \$24.49 billion, according to a poll by FactSet.

Facebook shares rose \$3.90, or 1%, to \$332.43 in after-hours trading. It had closed up 1% for the day.

Haugen told a British parliamentary committee Monday that the social media giant stokes online hate and extremism, fails to protect children from [harmful content](#) and lacks any incentive to fix the problems, providing momentum for efforts by European governments working on stricter regulation of tech companies.



Facebook whistleblower Frances Haugen leaves after giving evidence to the joint committee for the Draft Online Safety Bill, as part of British government plans for social media regulation, at the Houses of Parliament, in London, Monday, Oct. 25, 2021. Facebook whistleblower Frances Haugen told British lawmakers Monday that the social media giant stokes online hate and extremism, fails to protect children from harmful content and lacks any incentive to fix the problems, providing strong momentum for efforts by European governments working on stricter regulation of tech giants. Credit: AP Photo/Matt Dunham

While her testimony echoed much of what she [told the U.S. Senate](#) this month, her in-person appearance drew intense interest from a British parliamentary committee that is much further along in drawing up legislation to rein in the power of social media companies.

Haugen told the committee of United Kingdom lawmakers that Facebook Groups amplifies online hate, saying algorithms that prioritize engagement take people with mainstream interests and push them to the extremes. The former Facebook data scientist said the company could add moderators to prevent groups over a certain size from being used to spread extremist views.

"Unquestionably, it's making hate worse," she said.

Haugen said she was "shocked to hear recently that [Facebook wants to double down on the metaverse](#) and that they're gonna hire 10,000 engineers in Europe to work on the metaverse," Haugen said, referring to the company's plans for an immersive online world it believes will be the next big internet trend.



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"I was like, 'Wow, do you know what we could have done with safety if we had 10,000 more engineers?'" she said.

Facebook says it wants regulation for tech companies and was glad the U.K. was leading the way.

"While we have rules against harmful content and publish regular transparency reports, we agree we need regulation for the whole industry so that businesses like ours aren't making these decisions on our own," Facebook said Monday.

It pointed to investing \$13 billion (9.4 billion pounds) on safety and security since 2016 and asserted that it's "almost halved" the amount of hate speech over the last three quarters.

Haugen accused Facebook-owned Instagram of failing to keep children under 13—the minimum user age—from opening accounts, saying it wasn't doing enough to protect kids from content that, for example, makes them feel bad about their bodies.



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"Facebook's own research describes it as an addict's narrative. Kids say, 'This makes me unhappy, I feel like I don't have the ability to control my usage of it, and I feel like if I left, I'd be ostracized,'" she said.

The company last month delayed plans for a kids' version of Instagram,

geared toward those under 13, to address concerns about the vulnerability of younger users. Haugen said she worried it may not be possible to make Instagram safe for a 14-year-old and that "I sincerely doubt it's possible to make it safe for a 10-year-old."

She also said Facebook's moderation systems are worse at catching content in languages other than English, and that's a problem even in the U.K. because it's a diverse country.

"Those people are also living in the U.K. and being fed misinformation that is dangerous, that radicalizes people," Haugen said. "And so language-based coverage is not just a good-for-individuals thing, it's a national security issue."



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Pressed on whether she believes Facebook is fundamentally evil, Haugen demurred and said, "I can't see into the hearts of men." Facebook is not evil, but negligent, she suggested.

"It believes in a world of flatness, and it won't accept the consequences of its actions," pointing to its mammoth one-level, open-plan corporate office as an embodiment of the philosophy.

It was Haugen's second appearance before lawmakers after she [testified in the U.S.](#) about the danger she says the company poses, from harming children to inciting political violence and fueling misinformation. Haugen cited internal research documents she secretly copied before leaving her job in Facebook's civic integrity unit.

The documents, which Haugen provided to the U.S. Securities and Exchange Commission, allege Facebook prioritized profits over safety and hid its own research from investors and the public. Some stories based on the files have already been published, exposing internal turmoil after Facebook was blindsided by the Jan. 6 U.S. Capitol riot and how it dithered over curbing divisive content in India. More is to come.



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Senior campaigner from SumOfUs Flora Rebello Arduini adjusts an installation outside parliament in Westminster in London, Monday, Oct. 25, 2021. A 4-metre-high installation depicting Mark Zuckerberg surfing on a wave of cash was constructed outside parliament, as Facebook whistleblower Frances Haugen is due to testify to MPs on how the company puts profits ahead of public safety. The action comes after SumOfUs research revealed Instagram is still awash with posts promoting eating disorders, unproven diet supplements and skin-whitening products. Credit: AP Photo/Kirsty Wigglesworth



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Representatives from Facebook and other social media companies plan to speak to the British committee Thursday.

U.K. lawmakers are drafting an online safety bill calling for setting up a regulator that would hold companies to account when it comes to

removing harmful or illegal content from their platforms, such as terrorist material or child sex abuse images.

Haugen is scheduled to meet next month with European Union officials in Brussels, where the bloc's executive commission is updating its digital rulebook to better protect internet users by holding online companies more responsible for illegal or dangerous content.

Under the U.K. rules, expected to take effect next year, Silicon Valley giants face an ultimate penalty of up to 10% of their global revenue for any violations. The EU is proposing a similar penalty.

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Citation: Facebook profits rise amid Facebook Papers findings (2021, October 26) retrieved 14 December 2025 from <https://techxplore.com/news/2021-10-facebook-profits-papers.html>

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