

# TECHNOLOGY

## *Internet Giants Face New Political Resistance in Washington*

By CECILIA KANG

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Google's headquarters in Mountain View, Calif. "There needs to be more aggressive enforcement action on tech companies like Google," says Senator Richard Blumenthal, a Democrat from Connecticut. Christie Hemm Klok for The New York Times

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WASHINGTON — Last month, Facebook and Google came out forcefully [against a bill](#) that would hold companies accountable for hosting sex trafficking on their websites. They said that while they worked hard to combat sex trafficking, changing the law “jeopardizes bedrock principles of a free and open internet” that have been crucial to innovation for decades.

By this week, the two companies were hoping to reach a compromise with lawmakers, an acknowledgment that they could not stop the bill entirely because of strong political headwinds.

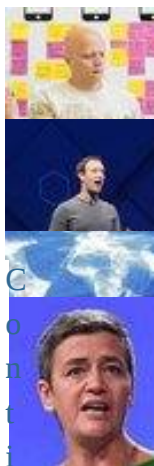
The shifting position illustrates the changing political reality in Washington for some of the country’s biggest technology companies. After years of largely avoiding regulation, businesses like Facebook, Google and Amazon are a focus of lawmakers, some of whom are criticizing the expanding power of big tech companies and their role in the 2016 election.

The attacks cover a smattering of issues as diverse as antitrust, privacy and public disclosure. They also come from both sides, from people like Stephen K. Bannon, President Trump’s former chief strategist, as well as Senator Elizabeth Warren, a liberal Democrat from Massachusetts.

Many of the issues, like revising antitrust laws, have a slim chance of producing new laws soon. But they have become popular talking points nonetheless, amplified by a series of

missteps and disclosures by the companies, including Facebook telling Congress this month that fake accounts linked to Russia had bought over \$100,000 in political ads on the service.

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There is much stronger agreement among me and my colleagues that there needs to be more aggressive enforcement action on tech companies like Google,” said Senator Richard Blumenthal, a Democrat from Connecticut and a sponsor of the sex trafficking bill.

The companies, recognizing the new environment in Washington, have started to fortify their lobbying forces and recalibrate their positions. In the last year, Amazon has [added antitrust](#) to its roster of issues, hiring a former senior Senate staff member who helped shape antitrust policies. Google has paid several outside lobbying firms to argue [against the sex trafficking bill](#), according to recent federal filings.

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“We are disruptive, and that creates a lot of tension, concern, worry and jealousy and sometimes rightfully identifies real problems that need solutions,” said Ed Black, president of the Computer and Communications Industry Association, which represents Facebook, Google, Amazon and other tech companies.

Tech companies have faced political pressure in Europe for years. That is expected to continue, with [regulators prepared to push](#) a new set of proposals to get the tech companies to pay more in taxes.



Senator Rob Portman, Republican from Ohio. He and Mr. Blumenthal drafted a bill that would let state and local authorities prosecute websites that host content related to sex trafficking. Facebook and Google strongly oppose the bill. Jonathan Ernst/Reuters

The politics for the companies in the United States began to change after the 2016 presidential election, when attention turned to the role social media sites play in shaping public

opinion. The [scrutiny grew](#) after companies [struggled to eliminate fake content](#) from their sites, raising fears that the platforms were too big to manage.

[After Facebook revealed](#) to Congress that it had accepted money for political ads from fake accounts linked to Russia, [Senator Mark Warner](#), a Democrat from Virginia, started calling for new disclosure laws for the companies. He plans to begin writing a bill this week that requires Facebook and other social media companies to release funding sources for political ads, as is required for television broadcasters.

“This is uncharted territory,” Mr. Warner said in an interview. “The growth in political advertising is in the digital world, and if this is the most targeted and potentially most effective way into politics, the paid advertising rules that broadcasters rely upon should also apply in the social media world.”

Perhaps no issue in Washington has exposed the vulnerability of the tech companies as much as the sex trafficking bill. At the heart of the debate for the tech companies is a change to a 20-year-old law that prevents people from suing internet companies for things people post on websites. The companies, supported by some civil liberties groups, say the existing law has protected free speech and allowed internet companies to grow without fear of lawsuits.

The bill being debated, written by Senator Rob Portman, a Republican from Ohio, and Mr. Blumenthal, would allow state and local authorities to prosecute sites that host content

related to sex trafficking. Their bill, which has bipartisan support from dozens of members in the Senate, would also enable people to sue websites.

Companies like Google and Facebook vehemently opposed the law when it was introduced, warning that it would expose web companies to numerous lawsuits because the actions of users are hard to police. The bill had provisions that would shield companies like Google and Facebook that have policies to combat sex trafficking, but the companies pushed back nonetheless.

Starting about two weeks ago, as politicians stepped up their attacks against their businesses, Facebook and Google realized that the political landscape had changed, according to two people with knowledge of the decisions who spoke on the condition of anonymity because the internal corporate decisions were private. So instead, the companies began trying to negotiate changes to the bill with Mr. Portman and other senators instead of trying to stop it entirely.

As of Tuesday, Facebook and Google were still trying to negotiate changes with Senate staff members. One effort, by Google, would block state attorneys general from prosecuting web platforms for hosting any third-party sites that aided sex trafficking. Google said the Justice Department should be the sole agency in charge of enforcing sex trafficking laws.

Mr. Portman has viewed enforcement by state attorneys general as the centerpiece of the legislation. He will not

agree to weakening the enforcement role of local and state prosecutors, according to his spokesman, Kevin Smith.

“We’ll continue to engage members of Congress, anti-trafficking organizations and the industry to try and get to a resolution that addresses the problem without creating unintended side effects,” Susan Molinari, Google’s vice president of public policy, said in a statement.

Facebook appeared more eager to reach a deal with lawmakers, according to two Senate staff members and a tech industry official, who all said the company had expressed a willingness to allow state law enforcement. They spoke on the condition of anonymity because Facebook’s discussions with the lawmakers were private.

“We strongly believe that there is a legislative solution that can address this terrible problem while ensuring that the internet remains open and free and that responsible companies can continue to work to stop sex trafficking before it happens,” Erin Egan, a vice president of public policy at Facebook, said in a statement.

Senators have not held back their continued frustration with the tech industry, even as the position of the companies has changed somewhat. On Tuesday, the Senate commerce committee held an emotional hearing on bill, called the Stop Enabling Sex Traffickers Act, that included the [mother of a teenage victim of trafficking](#).

The Senate invited Facebook and Google to testify but they declined, according to a member of the committee staff, instead sending their trade group, the Internet Association, to represent them.

“Silicon Valley holds itself out as being more than just an industry but a movement to make the world a better place,” Mr. Portman said in the hearing. “But selling human beings online is the dark side of the internet.”

Other issues related to tech companies have gained less traction. The earliest criticism of big tech companies came from left-leaning politicians and economists, whose ideas were largely dismissed by Washington lawyers and regulators as fringe ideas. But there are signs that the companies are starting to take them more seriously now as well.

The New America Foundation, a left-leaning research group in Washington that is financed by Google and Eric Schmidt, the chairman of its parent company, [recently fired a division of antitrust scholars](#) who had been critical of the company.

Google has denied playing a role in the split. In California, big tech companies joined internet service providers like AT&T and Comcast — their adversaries on many policy issues — to fight a state broadband privacy law, fearing that it could embolden other states and federal regulators to write broader internet privacy rules.

Even Amazon’s recent move to buy Whole Foods Market for \$13.4 billion generated political attention. Amazon and Whole



Foods have a small portion of the overall grocery market, an important measure in antitrust decisions, and the deal quickly passed an antitrust review by the Federal Trade Commission. But some lawmakers raised questions about Amazon's deep pockets and its ability to undercut the prices of smaller competitors.

Senator Amy Klobuchar, a Democrat from Minnesota, pressed F.T.C. officials to justify their decision, arguing that the agency should have looked at longer-term competition factors. She has also introduced a bill that would force companies to prove that their deals would not be anticompetitive in the future.

"We need to start adjusting to a world where we are right now," said Ms. Klobuchar. "Antitrust laws haven't been updated since the 1950s. In the 1950s, they didn't envision a major search engine dominating the internet. They didn't even have the internet."

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