



**An Ethical Evaluation of Corporate Lobbying Practices:
A Case Study on Facebook Inc's Lobbying Strategies**

by

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A thesis submitted in fulfillment of the requirements of the
Michigan Ross Senior Thesis Seminar (BA 480), April 22, 2021.

Acknowledgements:

This thesis was submitted according to the requirements of the Senior Thesis Capstone for the Ross School of Business at the University of Michigan. It would not have been possible without support from the Ross community:

Foremost, I would like to express my sincere gratitude to my advisor Professor David Hess for the support of my thesis study and research. His support on the formulation of my topic along with his guidance on my research methodology has helped me immensely in the writing of my thesis. He was my partner during my research process and his wealth of knowledge fueled this educational journey. His commitment to my success made this project possible.

In addition to my advisor, I would like to thank the capstone seminar faculty: Professor Burcu Tasoluk and Professor Francine Lafontaine for coordinating the program, inviting guest speakers, encouragement, and thoughtful comments towards the progression of my thesis. The detailed feedback and actionable suggestions were a core part in the production of this research paper.

I want to recognize the help and support I have received from my Ph.D. mentor Paul Organ. He has helped me a lot in thinking about how I should tackle my research process. I am extremely grateful for all our conversations and his unique and broad perspectives on each topic of my research enabled me to think outside of the box and think deeper into the nuances of corporate political activity. As my role model in this research journey, Paul was always able to challenge me to thinking harder and think smarter about my arguments.

Also, a big thank you to my student interest group: Ben Schuster and Karthik V. Nagappan for making this research discovery journey both inspiring and motivating. During the past months, I am grateful for all the insightful discussions, personalized feedback, and support during the stressful deadlines season.

Last but not the least, a big thank you to all the others who have helped me along the way with my research and understanding business ethics and corporate lobbying.

Abstract

This thesis is an analysis of lobbying in the United States of America and in specific, a case study of Facebook Inc's lobbying strategies in the past decade. This paper focuses on the technology industry to understand the value of lobbying activities for the business giants in Silicon Valley. The tech giants are quickly becoming some of the biggest market players in the US economy. And as more information gets shared and stored on the internet, people are also realizing the overwhelming power leading technology companies have on civic behavior. But even with decreasing public support for strengthening tech influence, there is little that people can do to change tech companies' position of power. Given that the public user base is vulnerable to the business decisions made, tech leaders have a social responsibility to hold themselves accountable to the practice of fair business and protecting their stakeholders. To better understand whether the technology industry is acting in favor of their stakeholder, this paper will study Facebook Inc's lobbying initiatives. The paper consists of a case study analysis and a framework evaluation. The case study will provide a narrative for Facebook's business and political engagement and the responsible lobbying framework will be used to evaluate Facebook's lobbying strategy. The conclusions made in the framework will contribute to the discussion on whether lobbying actions fueled by self-interest begs to question the morality and ethicality of lobbying in businesses that already have a lot of power over their consumers.

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Introduction

This paper references theories on political corporate social responsibility to identify key lobbying strategies by tech industry giant Facebook, Inc. and unravel ethical consequences of certain business decisions in the lens of state representatives and their constituents. As people are increasingly more reliant on the services provided by American technology giants, concern about technology companies' increasing power and the consuming public's decreasing power to hold tech companies accountable for their actions is more apparent. With increasing concerns that technology companies have access to terrifyingly dangerous amounts of information, this paper will explore how one tech giant, Facebook, has solidified its position in the market through extensive lobbying efforts.

In the past ten years, Facebook, Google, and Amazon have increased their lobbying spending by ten-fold (OpenSecret.org). As these companies gain influence over business markets through political connection, it is imperative to know whether their lobbying efforts are ethical and aligned with their promises to their consumers. To determine the validity in Facebook's commitment to corporate social responsibility in relation to their political activities, identifying the roles of economic, political, and civic powers in influencing policy will provide insights to the incentives behind many of Facebook's business decisions. A possible miss alignment between public messaging and corporate political activity begs to question if Facebook's mission and commitment to serve the people is meant to provide common good, or if it's just a method to gain power. There are inherent influences technology companies have just from their scale and public reach, but to gain and leverage other interests, more and more businesses are making their moves in the capital.

Background and History of Lobbying

In the United States, public sentiment for lobbying, across all industries, is often portrayed in a negative light by the press and voting public. Despite extensive and complex lobbying regulations, many Americans and lobbying critics describe these monetary contributions as a form of legal bribery or extortion. The lack of equity and influence on political activity and the view that economic inequality can translate to political inequality is seen as a threat to democracy (Kang, 2016). These claims are reflected in polls and surveys by Gallup in the early 2000s as only 8 percent of the people surveyed felt that lobbyists were honest people and nearly 60 percent of Americans consider lobbyists to have low ethical standards (Birdsong, 2020). However, even with the negative public sentiment, lobbying activity and dollars spent continues to grow rapidly.

The concept of lobbying is not new. Even though the term “to lobby” was only in practice starting in the 19th century, communicating with Members of Congress to influence their vote can be found throughout the history of country governance. In the United States of America, the term originated from the room outside the House Chamber known as the lobby. Historian Jesse Sheidlower shared in an NPR podcast that by 1801, the House lobby became a noisy spot where spectators, vendors, and ambassadors were able to meet and talk between conferences (Hansen, 2006). As time progressed, meeting on the lobby floor outside of the House Chamber continued to be the easiest, and often only, place to meet a Representative in the Capitol. The first-time lobbying was talked about in the press was in 1817, where one newspaper referred to New York politician William Irving as a “lobby member” (Political Dictionary). In 1818, a lobbying member was defined as someone “employed to advocate by extraneous influence” before legislature (Art, 2015), and that is when lobbying became a publicly disclosed and debated topic.

One of the debates around lobbying is its threat to democracy as it provides wealthier businessmen the advantage to translate economic power directly into political power (Kang, 2016). It is apparent that businesses spending millions of dollars to engage in political activity frequently have the most to gain out of influencing policy actions. When businesses spend to influence policy action for personal interests, a dampening of economic growth may occur. This practice is also known as rent-seeking—"the process of seeing income through special government favors rather than through productive economic activity" (Craig & Madland, 2014). This type of political spending is wasteful and will redistribute money in the economy towards corporations to then continue to attempt to influence policies to obtain large shares of benefits. Businesses are able to profit from "state-created monopolies, favorable government contracts, beneficial regulations, and tax subsidies" from rent-seeking practices. Frequently, these benefits create economic inefficiencies that hurt growth markets.

The market inefficiencies from lobbying are a result of unethical practice. Researchers in the area connect frameworks of corporate citizenship and political corporate social responsibility to the pursuit of ethical corporate political activity considering the existing economic interests and incentives. The literature is heavily theoretical as often lobbying spending is hard to accurately track. With new lobby strategies to help people funnel their money into politics, consultancy firms more easily contribute to shadow lobbying. Even with intensive rules for lobbying expense disclosure, what is reported is often only a fraction of what organizations and corporations spend lobbying on Capitol Hill (Perez, Luke, & Zelina, 2019).

Nonetheless, lobbying will continue to be the method that people use to affect or resist change in the law. In early 2010, the U.S Supreme Court struck down two campaign finance provisions that "limited independent political expenditures by corporations/organizations" and

“placed aggregate limits on individual donations” (Craig & Madland, 2014). Such provisions to limit lobbying were found to infringe upon First Amendment rights of free speech and rights to petition the government for the redress of grievances. The right to persuade representatives and members of the state will remain unchanged, but the policies that ensure fair lobbying can be written so it is more difficult for businesses to lobby only in self-interest.

The Inherent Power of Businesses in the Technology Industry

Lobbying gives people a voice in the writing of the law. What people have realized with the enormous, and growing influence of technology companies, people are pushing for increasing awareness and regulations on the tech giants. Internet technology companies earn their name as titans and giants for their size, reach, and dominance in the web and media markets. The ability for these companies to merge and acquire or out price new industry entrants to dominate over the consumer data and flow of information raises concerns about the growing power technology businesses have in civic discord, economic welfare, and political activity.

In a national online survey by Consumer Reports, roughly 75 percent of Americans are concerned about the power that technology companies have (Raymond, 2020). People indicated that the vast amount of stored data on individual consumers of each platform is worrisome. Companies like Google will store and analyze sets of big data to push “dynamic pricing” strategies onto customers with different willingness to pay. Companies will look at a set of data like a consumer’s race, gender, age, location and place them into an income bracket to set a price that would maximize a company’s profits.

Consumer Reports also found that on top of people being worried about the lack of digital data privacy and the threats of dynamic pricing, most Americans are wary of the information that internet platforms push to the top of our searches or feeds. 74 percent of survey people believe that

technology companies should release how search algorithms are evaluated and another 74 percent believe that companies should use impartial evaluations to produce search results rather than use an algorithm that pushes our most desired reads to the top (Raymond, 2020). This is a very important civic concern because, for people unaware of the search algorithms, many are prone to being victims of misinformation and disinformation.

Companies like Google and Facebook are central to providing information to people. In 2019, over 90 percent of the global online population were Google users which is roughly four billion people (Georgiev, 2020). Because of the scale at which these businesses operate globally, tech companies have the power akin to traditional media in which internet companies can command public attention, communicate news, influence political perspectives, and give people a voice; however, the internet businesses also have additional civic power beyond those of traditional media in that social platforms can enable people to join and act together as well as play a role in election turnout and voting (Moore, 2016). This civic power that internet companies hold is inherently very powerful and can be used for good or for bad. A good example to illustrate the civic and political power that social networking platform Facebook has is with the Arab Spring Revolution. This movement was propelled through social media. The scale and speed at which the revolution moved across the Middle East and North African region were exorbitant and would be difficult to achieve that levels of reach if not for Facebook groups. As these tech giants continue to grow and more people become increasingly reliant on their services their influence and use will continue at a rapid pace.

In addition to civic and political power, technology companies also have the economic power to act in monopolistic ways. Chris Sagers, a law professor at Cleveland State University, writes extensively about antitrust laws. And in "United States v. Apple: Competition in America"

he claims that “existing regulatory frameworks are not keeping up with the digital revolution” (Safo & Shin, 2020). Sagers’s arguments in his case show his belief that Americans are ambivalent about competition (Crovitz, 2019). His argument that "antitrust itself has seemed like a failure" stems from critics’ arguments that antitrust laws encourage creative competition. In Sagers’ paper, Apple’s collaboration with book publishers though created a new e-book retail market, ultimately removing barriers to entry in the e-book platform which in turn decreased competition and increased price leading Sangers to conclude that "competition seems destructive" (Sangers, 2019). In certain markets, one technology company will hold close to monopolistic market share. For example, Google is the monopolistic player in general search engine functions, the Android operating system runs in over 80 percent of smartphones sold globally and when combined with the iOS system it adds up to about 97 percent (Moore, 2016). The power these tech giants have is beyond the economic as the nature of digital monopolies also raises fundamental questions about security and privacy.

Even with all these concerns that arise from the power that these technology companies have, boycotting technology, in general, is impossible if not for completely disengaging from the modern world. Larry Page, Google CEO, states that Google “builds products you can’t live without.” Smartphones, digital applications, and web browsing has become integral to how people communicate, access news and information, and build virtual identities (Moore, 2016).

[Influence of Lobbying on the Technology Industry](#)

Because the tech giants have such an expansive influence over people, new businesses, and the political climate, people are pushing for legislators to take action. In 1997, regulators were critical of Microsoft’s anticompetitive business practices which prompted the Department of Justice to sue Microsoft Corporation for violation of antitrust laws. In the United States v.

Microsoft Corp. case Silicon Valley business learned that they “play the political game, or Washington will make [their] life difficult” (Solon, Siddiqui, 2017).

Lobbying in academia is gaining traction and even though the influence of digital media is much newer than lobbying, there are high numbers of interest in the field and numerous studies on the topic. My research interests lie between these two areas of study to evaluate the lobbying efforts by these technology giants against responsible lobbying frameworks produced by ethics researchers. This is an unexplored area in literature first due to the relatively new interest academic researchers have in lobbying strategy and second because the tech industry is young, and little is documented and known about their corporate political activity spending. And in under 20 years of their founding, Amazon and Facebook have overthrown past lobbying spending leaders from the energy, oil, and tobacco industries (Chung, 2021).

Table 1: In less than 10 years, Big Tech rocketed to top of lobbying spender list

Top 8 individual corporate spenders* on federal lobbying, by year

Rank	2010	2017	2020
1	PG&E Corp	Google (Alphabet Inc)	Facebook Inc
2	General Electric	AT&T Inc	Amazon.com
3	FedEx Corp	Boeing Co	Comcast Corp
4	AARP	Open Society Policy Center	Lockheed Martin
5	ConocoPhillips	DowDuPont	Boeing Co
6	United Tech. (now Raytheon)	Comcast Corp	Northrop Grumman
7	Boeing Co	Lockheed Martin	Raytheon Technologies
8	Verizon Communications	Northrop Grumman	Unilever

* Excludes associations, federations, trade groups, and other consolidated corporate spenders such as Blue Cross Blue Shield, which aggregates spending from 20+ members across the U.S.

Figure 1 Transition of Lobbying Expenditure figure from Public Citizen

The rate at which political spending grows is exorbitant for the technology company. Facebook and Amazon went from spending roughly one million dollars in 2010 to close to 17

million in less than a decade (OpenSecrets.org). Communications professor at the University of Illinois said that “[Technology companies] are overwhelming Washington with money and lobbyists on both sides of the aisle. The Silicon Valley billionaires and CEOs are libertarian, low-tax deregulation buddies of the Koch brothers when it comes to talking to Republicans, and dope-smoking, gay rights activist hipsters when they mix with the Democrats” (Solon & Siddiqui, 2020).

Literature Review

Ethics and responsible political citizenship in business are well written in various pieces of literature. This review will explore the methods used to evaluate the ethics of corporate political activity and identify the effects of lobbying on corporate development. The articles selected contribute to the understanding of why businesses value lobbying and why certain strategies are employed to achieve the results businesses are looking for--strategies such as the technology industries own revolving door that invites retired congressmen a spot in leadership in tech. The review will introduce the business value of lobbying and the challenges of regulating the lobbying industry. Because of the weak regulations around lobbying, businesses often find opportunities to exploit the gray-zones. Since there is little research conducted on how exploiting these lobbying loopholes have benefitted technology companies, the literature review will help set the narrative for why Facebook is incentivized to lobby less responsibly.

The Value of Lobbying

Literature in the political science and business journals frequently expresses lobbying as a form of “investment.” In most cases, there is direct financial returns to be realized from lobbying tactics and expenditure (Anderson, Martin, & Lee, 2018). Legislators have control over the budget and size of projects that government agencies take on, giving lawmakers the power to influence agency decisions (Hall & Deardorff, 2006). To influence agency decisions in favor of a firm’s

needs, firms hire lobbyists to approach legislators to seek beneficial outcomes. Lobbying to influential policymakers allow firms to shape their industry and business environment in a favorable way (Schuler, Rehbein, & Cramer, 2002).

Businesses can build relationships with lawmakers either through in-house strategic consultants or by hiring lobbyists from a lobbying firm. Often, the people who lobby on behalf of large wealthy corporate client are former congressmen are extremely familiar with the culture on Capitol Hill and have rooted relationships with government officers and agencies (Hill, Kelly, & Ness, 2013). Even with bills like the Lobbying Reform Act that aim to reduce the influence of lobbyists from a government background, there is an increasing number of retired congressmen retiring to work in the lobbying industry. According to a study by Public Citizen, 59 percent of former members of Congress from the 2017 to 2019 term are working in firms or trade groups that influence federal activity (Zibel, 2019). After a lobbyist is hired, their job is to meet with legislators and persuade the lawmakers to write the desired political actions that their clients are pushing for or against into their bills. As President Kennedy explains, “lobbyists are, in many cases expert technicians and capable of explaining complex and difficult subjects in a clear, understandable fashion” (Ostas, 2007).

Though lobbying allows for informed policy decisions, opposing views for the legitimacy of lobbying are prevalent as lobbying faces ethical concerns that wealthy players game the political system for selfish interests (Anderson, Martin, & Lee, 2018). Research continues to support positive correlations between the ability to influence policy decisions with improved firm performance (Hillman, Keim, & Schuler, 2004). Wang, Hong, Kafouros, and Wright (2012) also express that even with highly competitive strategies, products, and resources, firms will struggle if they fail to pay close attention to the changes in government and policy. Through lobbying,

businesses can generate positive returns through any combination means that includes but is not limited to the receiving of direct subsidies, tax cuts, government contracts, entrance to protected markets, and competitive edge by retraining competitors (Stigler, 1996).

Just like the types of policies that are at the top of companies' lobbying priorities, Chen, Parsley, and Yang (2008) also argue that firms maintain a more conservative approach to lobby by having a defensive strategy: a lobbying strategy that maintains existing conditions rather than altering current policies. Chen et al. found that companies find comfort in existing policies because with existing legislation, business leaders can better predict how businesses will continue to operate; however, there is a new narrative that Fortune top companies are pushing for more regulations as a strategy to increase the price of entry to new competitors. In an article published by the Market Insiders, Sonenshine (2018) states that Facebook's push for more privacy regulation impedes with new players competing with Facebook, as stricter legal compliance raises IT costs that may in turn increases barriers to entry.

Lobbying can be used as a strategic tool in many ways all in which aid companies towards better firm performance and shareholder wealth (Hill, Kelly, & Ness, 2013). The value of lobbying is not limited to writing new tax cut laws, and it also not limited to preventing competitors from joining the game. Many times, lobbying also gives companies greater access to government projects. According to a study by Anderson, Martin, & Lee (2018), firms with larger lobbying efforts also had a larger number of government contracts¹. The relationships established through lobbying efforts create strong political ties that open firms up to information and contracts that would otherwise be unavailable to those without those connections (Carpenter, Esterling, & Lazer,

¹ A list of how lobbying expenses impact firm performance and new contracts can be seen in Figure 2 on the next page

2003). Anderson, Martin, and Lee (2018) also found that firms strengthen political connectedness through continued lobbying expenditure. In fact, studies conclude that the value that politically connected firms gain from political activity is often directly connected with election results. Goldman, Rocholl, and So (2015) found that companies that had strong relationships with the winning party experienced a significant increase in government contracts after the election, and companies connected with the losing party lost on government contracts.

TABLE 5 Hypotheses results

Hypotheses		Standardized loading	t-Value	Supported
H ₁	Lobbying expenses → Firm performance	0.134**	4.086	Y
H _{2a}	Lobbying expenses → Dollar amount of government contracts	0.496**	11.164	Y
H _{2b}	Lobbying expenses → Number of contracts	0.284**	7.857	Y
H ₃	Dollar amount of government contracts → Firm performance	0.140**	4.079	Y
H ₄	Number of government contracts → Firm performance	-0.003	0.092	N
H _{5a}	Organizational slack*lobbying expenses → Dollar amount of government contracts	-0.037*	2.000	Opposite
H _{5b}	Organizational slack*lobbying expenses → number of contracts	-0.079*	2.736	Opposite
		R-square	t-value	
	Dollar amount of government contracts	0.240	5.907	
	Number of government contracts	0.116	5.687	
	Firm performance	0.064	3.189	

** $p \leq 0.001$; * $p \leq 0.01$.

Figure 2 Lobbying expense on firm performance and government contracts from Anderson, Martin, & Lee (2018)

Because of the complex nature of lobbying, scholars and researchers have struggled to put a definitive value on lobbying dollars. Hill, Kelly, and Ness (2013) did a study analyzing the changes in stock prices of lobbying S&P 500 companies to estimate the dollar value of lobbying based on the market's perceptions of lobbying benefits. What they found is that each dollar spent on lobbying is roughly \$199 of increased shareholder wealth in the following year. In a study by Anderson, Martin, and Lee (2018) they also measured a positive correlation between lobbying expenses and stock performance ($\beta = 0.134$, $p < 0.001$). They propose that the correlation is low because lobbying efforts are often not strongly publicized, but when they are, the market reacts to

a firm's political behavior. On a similar level, the estimated \$200 increased shareholder wealth is plausible an understatement because it only accounts for direct expenditures reported through the Lobbying Disclosure Act.

Exploiting Lobbying Power

The latest estimates from the Center of Responsible Politics indicate the growing importance of political lobbying in business strategy and operations. 20 years ago, lobbying expenditure barely reached \$1.6 billion, less than half of what is spent today. This rise in lobbying spend indicates an increased valuation for the benefits businesses gain out of sustained involvement in politics. As businesses are increasingly more involved in government, it is also observed that there is increased skepticism in the public that democracy is being upheld through corporate lobbying practices. In a 1964 poll conducted by the Center of Political Studies at the University of Michigan, researchers found that 76 percent of Americans responded that they trust the government to do the right things "just about always" or "most of the time" (Ostas, 2007). However, numbers are not as optimistic. As of last year, peoples trust in the government will do the right things was at historical lows of only 20 percent (Pew Research Center, 2020). To understand both the lobbying behaviors apparent in business practices and increased skepticism for fair political activity, it is important to recognize basic lobbying regulations and the existing loopholes that are exploited.

To start, it is important to know that regulating lobbying efforts is difficult because as it is largely protected by the First Amendment rights to freedom of speech, association, and petition. Because of constitutional protection, laws that regulate lobbying often face heightened scrutiny, and charges against lobbying efforts often fail under the argument of First Amendment rights (Ostas, 2007). That said, there are regulations and best practices in place to provide guidelines for

the lobbying industry: the Lobbying Disclosure Act of 1995 (LDA), the Ethics Reform Act of 1989, bribery laws, and other anti-fraud provisions like truth-telling. Though these laws have improved transparency, there are still loopholes in each that require lobbyists to rely on ethical judgment when interacting with legislators as agents to their business clients. In fact, it takes authorities longer to discover fraud committed via lobbying which often makes detecting fraud in lobbying firms more difficult than in non-lobbying firms (Yu, & Yu, 2011).

LDA terms communication between lobbyists and “covered officials”—legislators, legislative staff, and executive branch officials—“lobbying contact” (Ostas, 2007). Lobbying contacts need to be registered to lobby and the results of the lobbying effort are known as the “lobbying activity;” lobbying activities must be disclosed. However as stated by the nonprofit organization Campaign Legal Center, the LDA is failing to “ensure public awareness” since lobbying actions continue grow yet registered lobbyist numbers are dropping. What is happening is not that there are fewer lobbyists, but rather that there are fewer registered lobbyists (Campaign Legal Center, 2015). The loopholes in LDA are also closely tied to the loopholes in the Ethics Reform Act of 1989.

The Ethics Reform Act, also known as, the “revolving door” between government and lobbying requires former government employees to hold off for a period of time before engaging in lobbying contacts. The loosely written and enforced law restricts lobbying contacts but allows the former government official to engage in all public relations tasks other than direct communication with covered officials. What is observed is that former office officials instead join a lobbying firm, direct lobbying strategies for a paying client, and avoid the revolving door by simply leaving direct contact with lawmakers to already registered lobbyists. The loopholes in the Ethics Reform Act have become a bigger problem as businesses tread closer with politics. In the

1970s fewer than 10 percent of Congressmen became lobbyists, as of 2019 in a study by Public Citizen, nearly two-thirds of former Congress members have joined business groups that influence government policies (Homan & Esser, 2019). Reforms to close the loopholes that exist in these laws have been proposed but have yet to be passed successfully.

Anti-fraud provisions in lobbying also have loopholes that are being exploited. The bribery statute “prohibits giving, promising, or offering ‘anything of value’ to a member of Congress or other public officials with the ‘intent to influence any official act’” (Ostas, 2007). Though this paper will not address campaign contributions, it is still relevant to know that this statute becomes more challenging to rule when a lobbyist discusses individual payments via political contribution. Even if campaign contributions were ruled unrelated to bribery, government personnel often leave office to work for companies they have interacted with before. Though acting in the favor of a future employer is not a bribe, it does skew the playing field (Ostas, 2007). This is something that is largely capitalized on in the technology industry, and the big tech companies are famously known for having their own small revolving door out of government and into their leadership positions (Alfonsi, 2020).

In Ostas’s article, he also talks about the difficulties of truth-telling in lobbying. There are no federal laws that prohibit lobbyists from lying to a legislator, and it is likely that lobbyists will get away with lies or suffer very little costs for lying. An example is with Nike, Inc., v. Kasky. Nike claimed that the public relations statements they released to the public were non-commercial speech that would then be protected by the First Amendment rights. Ultimately what people found out for this litigation was that it is tough regulating truthfulness in lobbying contacts. It is also difficult to observe and identify purposeful misinformation, but in a paper written by Daniel Nyberg and John Murray, they find that businesses will deliberately disguise and distort messages

to the public to influence government policy. Nyberg and Murray labeled the act where businesses shape an issue to be more palatable socially as corporate citizenspeak. By “distorting” truths to align with social norms, businesses engaged in corporate political activities that “undermine deliberative processes within a democratic public sphere” (Nyberg & Murray, 2020). In the same research, they argued that when a company builds democratic legitimacy, businesses can influence public perceptions in their favor by villainizing the government without damage to their legitimacy because the “public expects businesses to act in self-interest” (Nyberg & Murray, 2020).

This is a very interesting area to explore in technology as the industry is known for appealing to the masses yet leaves most of its users in the dark without communicating the full story. Uber and Lyft provide an example of leveraging corporate citizenspeak in their favor. In their attempt to prevent California law from including regulations that would controlling the gig economy, Uber and Lyft collectively spent over \$200 million on ballot measures to get people to vote yes on Proposition 22. Proposition 22 would allow ridesharing companies to list their drivers as independent contractors (Bond, 2020). Uber and Lyft released extraordinarily high volumes of advertisements to get favorable votes. The ads pushed people to fear unpredictable consequences in changing legislation and emphasized the economic value that the gig economy brings (Hussain, Bhuiyan, & Menezes, 2020); however, they hide truths that Proposition 22 would allow Uber and Lyft to avoid the need to spend millions of dollars to provide employee benefits to their independently contracted drivers.

[Lobbying in the Technology Industry](#)

This paper is different from existing literature in that this paper looks at lobbying in the technology industry, and specifically Facebook, Inc, through an ethical corporate lobbying framework. Though the study of effective lobbying is gaining attention in recent years, literature

on ethical lobbying practice is still scarce. There are even fewer papers published about lobbying in specific industries like internet technologies. Though little is explored academically about tech lobbying, many of the phenomenon and effects of generic corporate lobbying are relevant to tech giants like Facebook, Amazon, and Google.

The big players in the tech environment are becoming an increasingly more prominent voice in politics. The tech industry is among the top twenty biggest lobbying industries outspending the commercial banking sector (Center for Responsive Politics, 2018). Tech companies lobby for a variety of issues that include but is not limited to tax reform, intellectual property, cybersecurity, online advertising, renewable energy, and immigration reform; and though many of the issues they lobby are in alignment with public interests, Popiel (2018) argues that certain agendas are only being pushed because they have come “economized” in the context of technological and economic growth for the industry. This view is consistent with other articles on lobbying where actions are taken for the private incentives and gains. Technology policies often feel very close to the service user. For example, the information that we consume, the data that is being shared, and network effects that increase our connectivity to people and things can be directly impacted by the policies that are being influenced via lobbying by these tech companies. And when laws and regulations are lobbied without the interests of the public, consumer choice is undermined, negatively affecting end-users.

Statement of the Problem

As businesses progress towards the prioritization of factors beyond profitability in decision making and while the political climate in the United States staggers in a non-compromising polarized state, ethical corporate political activity can be a way for nonpartisan individuals and groups to have a powerful voice in policy action. However, the same can be said about corporate

lobbying paving way to an even more polarized political state if companies are incentivized to lobby in an irresponsible manner. This paper is aimed at determining if Facebook Inc's lobbying activities have evolved over the last decade as it faces greater scrutiny for its impacts on society. This paper also evaluates if Facebook's lobbying strategy stays consistent with ethical business lobbying practices as set by the Responsible Lobbying Framework produced by Simon Hodgson and Daniel Witte. Hodgson and Witte have created a multipart framework to determine responsible lobbying, so to measure Facebook's commitment to responsible business, five of Facebook's lobbying issues will be evaluated through the framework. The aim of this paper is to reach a conclusion Facebook's lobbying strategy by understanding how and why certain issues are lobbied the way they were.

Justification of the Research

The public sentiment for lobbying in the United States is not a favorable one, as few individuals can afford to spend millions to connect with powerful lobbyists who will try to bend policies in their favor. The existence of multi-million-dollar lobbying firms on K Street implies the value of lobbying spend for businesses, and according to a study done by Karam Kang, the probability that a policy becomes law regardless of lobbying, though statistically significant, is only 0.05 percent. Her study also found that it would cost a lobbying group, with no opposing lobbying parties, over \$3 million to change the probability of a policy's enactment by 1.2 percent (Kang, 2016). However, despite the low influences on policy change, companies are able to see high returns on lobbying expenditures. An estimated 137-152 percent return on invested policy spending can be expected from a small change in policy legislation (Kang, 2016).

Businesses with policy incentives will act in their best interests even if it is to prevent new candidates from bringing new policies into action. Whether limiting progressive policies is fair to

the consuming public is still being debated. An example of businesses lobbying against fair competition is with current car sale policies. Many traditional car dealers spend hundreds of thousands to prevent state laws from enacting policies that allow cars to be sold directly from the manufacturers in order to limit the sales of competing new electric vehicle brands like Tesla who do not have a comprehensive dealership network (Craig & Madland, 2014). Lobbying efforts such as these, which are comparatively less expensive, are capitalizing on a larger share of profits not through innovative products but by limiting competition. The self-interest lobbying done by incumbent car companies is acting in a way less beneficial to society and would be questioned ethically against Hodgson and Witte's framework.

That said, this study on the technology industry will be similar. Among the pillars in the framework, one looks at the consistency of the lobbying message. Technology companies create this image of encouraging creativity and connectivity among all people, but is the public persona, or "corporate citizenspeak" aligned with the regulations that they lobby for or against? By finding discrepancies between their public initiative and often more private political contributions, it will be easier to identify ways to address the ethical concerns that exist in current big business culture.

This research is both timely and relevant as technology continues to dominate large parts of modern-day life. Technology will continue to develop and change people's way of life and understanding how these business moguls control the laws that are in place to protect its citizens is important. Even in most recent news, technology companies are under fire for anti-competitive practices, data manipulation, privacy breaches, and lines of other pending lawsuits. There is a lot to be unboxed in the technology sector and this paper will explore some of the dark sides to the formidable Silicon Valley.

Propositions

This research investigates the lobbying efforts by the American tech titans and is looking to support or reject some assumptions about lobbying in the technology industry. The assumptions are predictions for what might be reflected from the Hodgson and Witte's responsible lobbying framework as well as additional thoughts about Facebook's strategy as tech companies are face with more public scrutiny. The listed assumptions and propositions are limited to the years between 2010 and 2020. This timeframe was picked because most of the lobbying efforts by technology companies happened in this decade, and many of the most relevant and up-to-date reports will have been disclosed and published by 2020. The main proposition of this paper assumes that Facebook's lobbying strategy primarily acts in self-interest. If the proposition is supported, one can expect to see the following behavior in their lobbying activity:

1. Using the five pillars of Hodgson and Witte's framework—legitimacy, transparency, consistency, accountability, and opportunity—Facebook will display lower levels of legitimacy, transparency, and consistency. Other literature share similar pessimism in media companies as many of these technology companies practice creating a specific public image using corporate citizenspeak. Many will outwardly express their support for progressive policies but more frequently are engaging in self-interest lobbying.
 - a. Legitimacy will be evaluated lower if Facebook's strategic actions are misaligned with that consumers and other stakeholders expect out of them.
 - b. Transparency will be evaluated lower if Facebook is not publishing its lobbying activities to the public or their stakeholders.
 - c. Consistency will be evaluated lower if Facebook's lobbying activities are inconsistent with their promises to stakeholders and messages to the public.

For this proposition, I will look at the issues being lobbied and how they align against Hodgson and Witte's Responsible Lobbying framework.

2. It is also expected that if Facebook is lobbying against the needs and concerns of the public, lobbying expenditure and involvement in Washington will increase as Facebook feels more pressure from the regulations. As voters become more attentive and concerned about the power of technology companies whether is related to anti-trust or privacy issues, lobbying will become increasingly more challenging and expensive. State representatives are incentivized to act on behalf of their voters, and with oppression from voters, the enactment of laws favorable to tech firms will be more difficult to lobby. In the case study, this proposition will be briefly explored through the ten-year timeline. The timeline will display changes in Facebook's lobbying strategy in the past decade.
3. One can also expect to see Facebook make extended efforts to meet and build relationships with lawmakers. On a similar line of thought to an increase of lobbying expenditure, Facebook will increase their effort in establishing strong connections to state and federal lawmakers.

Proposed Methodology

Case Study Method

This research uses a qualitative case study methodology. Qualitative case study research allows researchers an opportunity to look deeper at the phenomenon in a specific research context (Rashid, Rashid, Warraich, Sabir, Waseem, 2019). This paper will explore the unfortunate phenomenon that a business looking out for themselves tend to fall further away from responsible lobbying. The case study will explore the ethical questions about lobbying by studying internet technology giant, Facebook, Inc. The case study consists of five sections: Facebooks' background and historical political involvement, mission and public relations, lobbying strategy, and similarities and differences to other players in the technology industry as well as past corporate lobbying spending leaders from the oil and tobacco industry. This will provide a narrative for Facebook which will be continued in the framework evaluation.

Lobbying Organization Ethics Evaluation Framework

Lobbying typically has three key players: the interest group or company who have a policy need, the lobbyist who is the agent connecting businesses to policymakers, and congressman who enacts policies. Each player has different incentives in a lobbying job and thus should each be held to an ethical code of conduct. However, most ethical frameworks for lobbying are created as moral guidelines for lobbyists to follow when interacting with lawmakers on behalf of their clients. Even in these advocacy models, there is discrepancy in how lobbyists should interact as an agent. In the Code of Ethics by the American League of Lobbyists has an advocacy view of lobbying that states "a lobbyist should vigorously, and diligently advance and advocate the client's or employer's interest, and, to the extent possible, should give the client the opportunity to choose between

various options and strategies” (ALL, supra note 105). The advocacy view has increased public distrust in lobbying and entrusts the responsibility of ethical delineation solely onto lawmakers.

There are other fields of thought like the Woodstock Principles that require lobbyists to bear ethical responsibility as well. The principles generally suggest that lobbyists should maintain transparency with their client, with policymakers, and with the public. Its guidelines require lobbyists to consider the common good and not solely the client’s narrow interest. Even though there are a multitude of ethical frameworks for advocacy, there are very few frameworks that evaluate the lobbying strategies of a company that hires lobbying services. Hamilton and Hoch once wrote that many of a business’s ethical practices are based off moral philosophy which ultimately yield rules like “respect human rights, honor the social contract, ensure fair distribution of benefits and burdens” to determine which action are ethical. The rules from philosophy and ethical theories are fair, but difficult to use as an evaluative tool to measure the ethicality of a business strategy, so using the general backbone of advocacy frameworks, an ethical framework for a firm’s policy strategy was formed.

The lobbying framework that will be used in this paper is from Carstone Partners’ consultants Simon Hodgson and Daniel Witte. The framework originally is used to guide lobbying firms in conducting ethical practices for their lobbyists, but the five pillars are largely relevant for the corporate clients as well. The framework is both comprehensive and flexible towards different corporate industries and has categories that are relevant to all people involved in lobbying practices. The framework is focused on a company’s accountability to themselves to have the corporate governance to act in the common good. The aim of internal accountability to stakeholders makes this a strong framework in evaluating the current lobbying strategies of Facebook. This framework will help identify areas where Facebook has a strong corporate identity and whether that identity

is one of self-interest or of the common good. Below, are descriptions of how the framework has been reinterpreted, and how it will be used to analyze responsible lobbying in the case study.

1. Legitimacy: “Responsible lobbying will never be inconsistent with the public interest.”

This pillar reflects the deontological theory of ethics. It aims to assess responsible lobbying by referencing human rights frameworks developed by international agencies and national government bodies. Hodgson and Witte’s framework also states that “political donations should at best be avoided” otherwise fully disclosed. All organizations that participated in lobbying should have clear codes of conduct to prevent bribery and corruption. These are all things to be evaluated in legitimacy before evaluating the ethicality of the policy companies are lobbying for or against.

2. Transparency: “Responsible lobbying organizations will be open, complete and truthful in their communications on the topic.”

Transparency is largely concerned with the disclosure policies in a company. Lobbying is difficult to measure because of the private contributions being made to lobbyists and political campaigns. Transparency will evaluate the amount of information being disclosed regarding their lobbyists, the identity of public officials, the monetary value spent, and the frequency of disclosure. The measure of disclosure can be counted for each organization in my study.

3. Consistency: “Responsible lobbying organizations will practice what they preach, remaining consistent with their professional codes, organizational values and other public positions.”

Consistency will be measured by the amount of congruence between lobbying positions and public relationships and marketing. This pillar will also evaluate

discrepancies in internal organizational codes to see if there are alignments between the corporate culture among employees and the policies that are of lobbying interest to upper management.

4. Accountability: “Responsible lobbying organizations and those who lobby for them will be accountable to stakeholders for their actions.”

Accountability measures how much a company actively addresses its efforts to meet the needs of its stakeholders. This pillar of the framework will evaluate how companies hold themselves accountable for complete disclosure of their lobbying efforts. The accountability section evaluates the willingness to be transparent and consistent with their messaging to their stakeholders.

5. Opportunity: “Responsible lobbying organizations will coordinate and align activities with others when they identify issues that further the public interest and are of common concern.”

Here I would look at the parties that are lobbying for the same policy enactments and evaluate how multi-stakeholder partnerships are lobbying together. I would tie the common position and key interests with the legitimacy pillar to confirm that the lobbying efforts are consistent with public demand (ie. competitive pricing, net neutrality, data privacy, etc.).

Five of Facebook’s most heavily lobbied issues have been selected to use against the framework to evaluate and measure Facebook’s commitment to responsible lobbying. The five issues that have been selected are antitrust, privacy, climate change, platform advertisements, and government surveillance. Those five were selected based off how much Facebook was willing to share publicly about their lobbying efforts in those issues. Antitrust fell at the end of the scale for least likely for Facebook to be upfront about its lobbying strategies and government surveillance

regulations on the opposite end of the scale for most likely for Facebook to be upfront about its lobbying strategies. The remaining three issues are on the scale in the order they are listed between antitrust and government surveillance. For each lobbying issue, they would be evaluated against each of the five sections in the framework. If Facebook's lobbying strategy meets the requirements of the section, Facebook gets a pass for that lobbying issue and that section. This process is repeated for each of the five issues and against each of the five sections. At the end, a tally from 0 to 5 will be counted for each of the five pillars in the framework. For example, if none of the five issues passed legitimacy, legitimacy would be 0 out of 5. By looking at the spread of the results, a conclusion about Facebook's lobbying strategies can be reached.

Data Collection

There are a few databases that disclose lobbying data, and this research paper, heavily utilizes the disclosed information to make claims regarding Facebook's interests and strategies. The Center for Responsive Politics's database on OpenSecrets.org was one of the most important databases used in this study. Most of the information collected on spending and disclosure reports is from OpenSecrets.org. FollowTheMoney.org is rather similar to OpenSecrets.org. FollowTheMoney.org focuses primarily on party contributions, but there is general information on lobbying. FollowTheMoney.org was a great resource to verify information found on OpenSecrets.org. There are also two databases for finding Congress members that are connected or affiliated with corporation: OpenCorporates.com and LegiStorm.com were helpful places to track personal holdings of members of Congress. LegiStorm.com also has consolidated financial dealings of congressional staff, so it was a resource frequently used to find information on specific dealings in data privacy and other tech lobbying.

Most of the data analysis is derived from the databases and agency libraries listed above, but news publications and articles written by policy interest groups were used to make and support claims throughout the paper. The study used available information from disclosed lobbying actions, public news, and Facebook's internal documents to evaluate ethical business practices in corporate political activities.

Challenges and Limitations

Measuring ethics is very difficult; in addition to the challenges of standardizing business ethics, there exists challenges and limitations in collecting a comprehensive set of data to accurately measure a lobbying agenda. To start, there is the challenge of measuring private donations that fall under shadow-lobbying. The 2008 Lobbying Disclosure Act (LDA) revision requires lobbyists who spend 20 percent or more of their time lobbying for a client to register as a lobbyist in order to submit lobbying reports (Ban, Palmer, Schneer, 2019). That revision, rather than ensuring more lobbying activity gets reported, discouraged lobbyists from registering in general, as many individuals simply avoid the 20 percent threshold. The lobbying industry is still rarely discussed by the public because the industry looks small due to the number of unregistered lobbyists who evade the reporting requirements when in fact the industry is dramatically rising in size (Auble 2013; Fang 2014; Watson 2016). The Center for Responsive Politics found that over 46 percent of active lobbyists reported lobbying activity in 2011 but did not report in 2012 (Auble 2013). In a study by James Madison University professor Tim LaPira when comparing a sample of lobbyists from the Washington Representatives Directory with lobbyists registered under the LDA, he found that 52.3 percent are shadow lobbyists (Ban, Palmer, Schneer, 2019).

It also appears that there are challenges in observing direct lobbying action by firms when they engage in lobbying throughout the year. Lobbying activity is only disclosed/reported on a

quarterly or biannual time period. On OpenSecrets.org, lobbying forms are disclosed to indicated more specific lobbying expenditure, however, it is still difficult to distinguish the exact policies being lobbied and for how much because several issues are disclosed together on one report. From OpenSecrets.org one cannot observe distinct lobbying action, only a firm's activity in a reported quarter will be specified. To address this challenge, it will be helpful to connect information reported in the news with the time periods where spending is relevant to build an understanding for the lobbying strategy at play. Understanding the lobbying trending within the industry will also contribute to a narrative about the technology industry as there might be value to collaborate efforts for some issues and differ in others. Making connections between different companies will be helpful in connecting the lobbying activity with the time frame, and eventually the spending.

A Case Study of Facebook's Political Activity Strategy

Background and History

Facebook, Inc. was founded in 2004 by CEO Mark Zuckerberg and his then Harvard classmates Eduardo Saverin, Dustin Moskovitz, and Chris Hughes. As one of the earliest social media platforms, Facebook quickly gained traction as one of the most popular social networking platforms available. In 2012, Facebook filed for its initial public offering raising \$16 billion giving the company its first market valuation at \$102.4 billion. In the same year, Facebook went public, it became the world's largest social network with more than one billion users.

Facebook was a fast-growing company and their understanding of business political awareness started early too. Based on disclosed information from OpenSecrets.org, Facebook started political contributions as early as 2006 with its first donation of \$1,500 to the Democratic party. A few years later, in 2009, Facebook started lobbying. In 2009, they focused their efforts on four issues: internet privacy, cybersecurity, media information security, and international

regulations of software companies (OpenSecrets Database). With each year, political contributions and lobbying spending would increase. In 2020, Facebook doubled its previous highest political donation with a total of over \$8 million dollars. Investment in lobbying efforts has also grown exponentially as 2020 lobbying spend was 18 percent higher than the prior year at a total of \$19.68 million. Not only has lobbying expenditure increased, over the years, annual revenue followed very closely with the changes in lobbying spending. The graph below is created from information collected from OpenSecrets.org and shows the close relationship between lobbying expenditure and annual revenue.

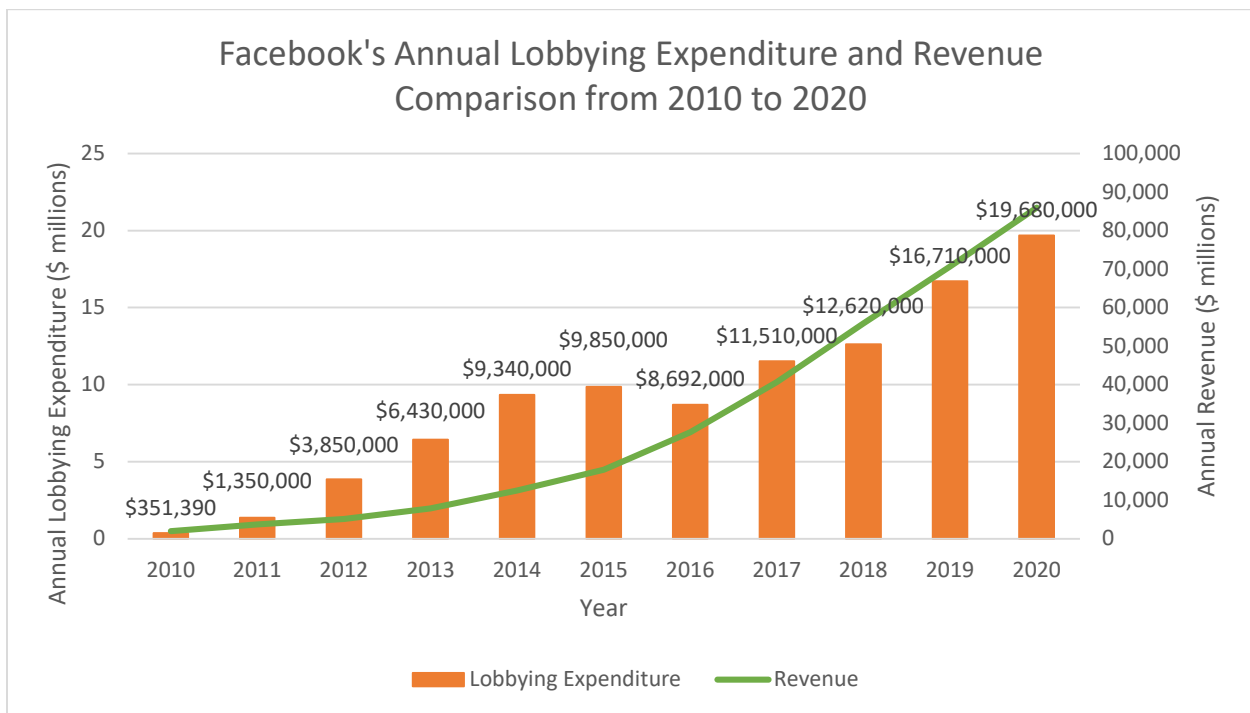


Figure 3 Graph of increasing lobbying expenditure and its correlation to annual revenue

In the following graph, shows a similar looking graph but instead is a chart of the number of specific issues that are lobbied for each year. The similarity between the lobbying expenditure graph and lobbying issues graph also shows a strong correlation. It is very reasonable to assume that the more issues that being lobbied, the more Facebook will need to spend on lobbying.

Looking at this graph, it also becomes more apparent that Facebook’s lobbying spend continues to increase towards many of the pressing issues that social media users are increasingly more concerned about. For example, Facebook had the Cambridge Analytica scandal in 2018 which concerned Facebook sending millions of user data to Cambridge Analytica which aided political advertising. With this scandal, the public was concerned about the weak homeland security and privacy regulations on technology companies. The increased awareness pushed people to pressure the government to revise the law. This wave of concern translated to a wave of capital flowing into lobbying causes specific to privacy and data collection laws. Compared to numbers in 2017, lobbying in privacy and government intelligence surveillance double in 2019 from roughly \$2.4M to \$4.8M (OpenSecrets Database).

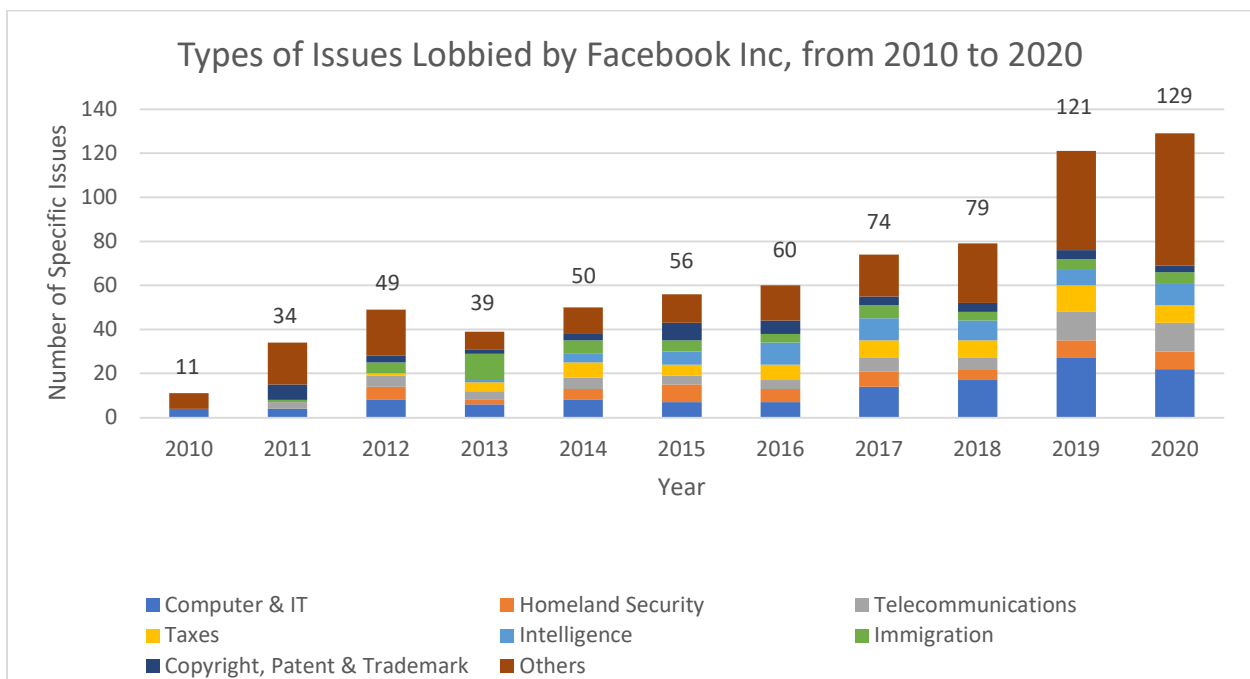


Figure 4 Graph of the growing number of issues being lobbied at Facebook

Mission and Public Relations

The technology industry, as one of the fastest-growing sectors in the world, is often more progressive in its beliefs and actions. Many tech elites have hinted that Silicon Valley is a very

liberal place (DeGeurin, 2018). And in Zuckerberg's 2018 Congress testimony, he stated that the tech industry is "a very left-leaning place." Tech companies that build this public image have continued to maintain an outwardly liberal persona by continuously hiring new college graduates to fill their entry-level positions to showing outward support for socially liberal policies like gay marriage and increased gun control. Facebook follows the same public relations strategy and is progressive with their public relations and customer care. On Facebook's corporate social responsibility webpage, they state that their mission is to "give people the power to build community and bring the world closer together." And with continued pressure from Congress to protect users' personal data, Facebook also has released a statement about how they are committed to honoring personal privacy choices and are committed to protecting user information.

Facebook states that users have control over what can be shared and what cannot by opting to hide information that normally would be found on a user's profile. Since the scandal in 2018, Facebook is now more careful with how they share collected data with third-party apps and require users to grant Facebook permission to share information with other apps that a user might be using. For example, Spotify will ask users to link their accounts to either Facebook, Apple, or Google. Thus, to use some of the highly demanded services, users face the tough decision of giving up privacy for machine algorithms to provide certain services. Facebook makes most of its money off ad sales and its business model will continue to stay that way. In 2020, they released a new privacy setting that allows users to turn "off-Facebook activity." This setting will make the ad recommendations less personalized because they would not be sharing personal information in the ad pushing algorithm. Even though ads are less personalized, it does not mean that Facebook has stopped collecting data to share with other affiliate platforms, collaborators/partners, and

government agencies (Sheng, 2020). As such, internet privacy policies will always be an issue of interest for tech companies that interact with user data like Facebook.

Facebook's Lobbying Strategy

Based on data from the Center of Responsible Politics, Facebook is the biggest corporate lobbying spender in the United States and since 2018 has increased its Washington investments by 56 percent. These statistics go to show that a large aspect of Facebook's lobbying strategy is high expenditure. Mick Mulvaney, former U.S. Representative once said, "we had a hierarchy in my office in Congress. If you're a lobbyist who never gave us money, I didn't talk to you. If you're a lobbyist who gave us money, I might talk to you." In order to connect and build relationships with policy and lawmakers, it was inevitable that dollars must be invested towards a say in how the policy will be written. Public Citizen found that 94 percent of all members of Congress with jurisdiction over privacy and anti-trust issues have received money from tech PACs or lobbyists (Chung, 2021).

Table 2: Facebook and Amazon are now the top lobbying spenders*

Top 8 individual corporate spenders* on federal lobbying, 2020 in \$

Rank	Lobbying Client	Total Spent
1	Facebook Inc	19,680,000
2	Amazon.com	18,725,000
3	Comcast Corp	14,430,000
4	Lockheed Martin	12,960,810
5	Boeing Co	12,630,000
6	Northrop Grumman	12,050,000
7	Raytheon Technologies	11,960,000
8	Unilever	11,460,000

* Excludes associations, federations, trade groups, and other consolidated corporate spenders such as Blue Cross Blue Shield, which aggregates spending from 20+ members across the U.S.

Table: Public Citizen • Source: [Source: Center for Responsive Politics](#) • [Get the data](#) • Created with [Datawrapper](#)

Figure 5 Top Lobbying Spenders

Facebook has lobbied for many progressive issues like climate change and better immigration policies, but they have always pushed for less regulation to the technology, media,

and telecommunication industries.; however, as of recent, Zuckerberg has gotten more involved in regulative policies as a strategic move to have a standardized regulatory policy rather than having different obligations for different states and countries. As lawmakers are starting to see the pending issues with leaving the industry unregulated, they are working to write new policies and laws that protect their constituents. The growing worry and fear in the public eye that tech companies are becoming too powerful has proven to be a business challenge for Facebook. Instead, Facebook quickly published a statement indicating its support for new privacy regulations saying, “at Facebook, privacy is something that is essentially important for business. If people don’t trust us to safeguard their data, they won’t feel comfortable using our services” (Zakrzewski, 2020). Facebook is already challenged with the introduction of the European Union’s General Data Protection Regulation and California’s Consumer Privacy Act; Facebook is now more interested in having one national standard. A national standard would both make it easier for Facebook to work with as well as push for a more lenient policy than those from more liberal states like California (Feiner, 2019).

Facebook is also able to find great success working in Washington because of its strong lobbyist network and connections with members of Congress. Not only do the big four tech giants, Facebook, Amazon, Apple, and Google, have some of the most lobbyists in the corporate circle, their lobbyists are also among the most influential in Capitol Hill. Of the ten lobbyists that were the biggest contributors to the 2020 election, five of them were lobbying on behalf of the big four tech companies (Chung, 2021). Not only do the Big Tech companies have a strong foothold in the current lobbying industry, but they also have their own revolving door in and out of government. The current lobbying industry is heavily populated by former congressional staff and government officials. Many officers will move into the lobbying industry and lobby for companies that they

have once worked with as government staff. This revolving door is a central part of the political influence strategy used by tech companies.

Table 3: Half of the top 10 lobbyists* who contributed to federal political campaigns lobbied on behalf of Big Tech (2020)

Rank	Lobbyist	Total	Amazon	Apple	Facebook	Google
1	C Boyden Gray	\$1,845,955				
2	Tonio Burgos	\$829,306				
3	Jeff L Miller	\$571,744	x	x		
4	Brian D Ballard	\$416,625	x			
5	Steven Elmendorf	\$382,670	x		x	
6	Nancy Zirkin	\$362,430				
7	Heather Podesta	\$356,031		x		
8	Jessica Beeson Tocco	\$344,122				
9	Michael D Smith	\$324,258				x
10	Vincent Roberti	\$309,500				

Figure 6 Top lobbyist who lobbied on behalf of technology companies from Public Citizen (Chung, 2021)

In 2019, under the advisory of Facebook’s head of government affairs Joel Kaplan, Zuckerberg frequently Washington to meet with several prominent government leaders including Senator John Thune, Senator Bill Nelson, a Senate Commerce committee leader, and then President, Donald Trump (Kang, 2018). Now, with a change in the leading political party, Facebook is rushing to find lead lobbyists to make ties with Democratic leaders. Kaplan has moved past head lobbyist and former Republican Federal Communications Commission chair Kevin Martin into a new role, opening a new position as Facebook’s policy chief for a familiar face to the Democratic Congress (Chung, 2021). This also contributes the narrative that a wide network

of government officers from different parties gives Facebook more flexibility to find the right people to work to achieve certain results.

Comparison to Others in the Technology Industry

Though Facebook may be the biggest lobbying spender, it is not the only tech company that has its foot in Washington. Facebook, Amazon, Google, and a couple of others in the industry have spent a combined \$65 million on lobbying the U.S. government in 2020. With increased scrutiny from the public for the lack of regulations to keep tech power at bay, Facebook, Amazon, and Google have found their way to the top of the lobbying expenditure list and are fighting to keep businesses operating in the way they have been. Privacy and data collection, new technology development and advancement, antitrust and competition, are just some of the pressing regulations that the tech giants are lobbying extensively for in 2020.

With Facebook's privacy scandal in 2018, Facebook started taking a more engaged strategy when it comes to interacting with people in Washington. Zuckerberg frequently held private meetings with lawmakers to talk about tech regulations and the company's cryptocurrency plans (Feiner, 2020). In 2020, Facebook invested heavily in the issues of encryption, election integrity, and content policy (Feiner, 2020).; however, it was also revealed, in an article by The Guardian journalists Cadwalladr and Campbell, that in a leaked internal document, Facebook was exposed for targeting politicians around the world with investments and other incentives to get them to lobby on behalf of Facebook against data privacy legislation (Cadwalladr & Capbell, 2019). As time continues, Facebook continues to be a leader in lobbying spend. As of the last quarter in 2020, Facebook has spent almost four times Google at \$4.9 million which is about a 1.5 percent increase from Facebook's second quarter (Feiner, 2020).

Following closely behind Facebook's extravagant lobbying expenditure, Amazon also finds itself in a similar position of needing to increase money spent on government lobbying. Like many of its technology counterparts, Amazon, too, faces potential antitrust issues from the Federal Trade Commission (Evers-Hillstrom, 2018). Similar to its competitors, Amazon lobbies for several different policies. As an e-commerce business, Amazon has been actively lobbying for bills that would streamline sales taxes for the sale of goods online (Evers-Hillstrom, 2018). As a business that provides cloud storage service to some of the largest government agencies in the United States like the Central Intelligence Agency, Amazon continues to lobby for policies advantageous to their future developments in cloud computing and facial recognition technology (Feiner, 2020). With pressure from the public to have stricter IT compliance regulations on the technology companies, Facebook and Amazon find themselves investing more to have a hand in the writing of the law.

Facebook and Amazon are not the only ones who are faced with the challenges of a more skeptical public. The biggest news surrounding Google right now is the antitrust lawsuits that have been filed against them. Google received three antitrust lawsuits in 2020, and the lawsuits allege that Google is solidifying its monopoly state through anti-competitive contracts with Apple, Verizon, and T-Mobile to set the Google search engine as the default search provider (Feiner, 2020). Google has secured default placement on 80 percent of web browsers and the claim is that these contracts are barriers that prevent competitors from fair access to consumers. Google has a long-standing agreement with Apple, for example, to be the default search provider on its products. With the lawsuits in the third quarter entering the fourth quarter, it is projected that lobbying spend will continue its upward trend as seen from the second to the third quarter. In the third quarter of 2020, Google spent \$1.9 million in lobbying which is a 14.2 percent increase from the second quarter (Feiner, 2020).

The pressure that the regulatory environment for technology companies is becoming more stringent has the tech giant on their toes and spending millions working with lawmakers in office. The congruency between Facebook, Amazon, and Google indicates that the technology companies share common interests in the laws that govern them and would prefer to maintain the status quo. The similarities between goals and actions taken by these companies also hint that their political strategies are very similar.

Comparison to the Oil Industry

Knowing that Facebook’s lobbying expenditure follows the trends of the technology industry, will Facebook follow lobbying trends based off past top lobbying spenders from other industries lobbied for. The graph below shows that lobbying expenditure has always been high, and the largest spenders fluctuate around \$19 million in lobbying spend. The progression from energy and oil companies to technology companies can also be observed from the graph. This section will look at the business leaders in the energy and oil industry and compare their lobbying strategies and incentives to those of the leaders in the tech industry. This comparison will help in determining whether the money being spent is for defensive measures or progressive measures to change the business operations in the industry.

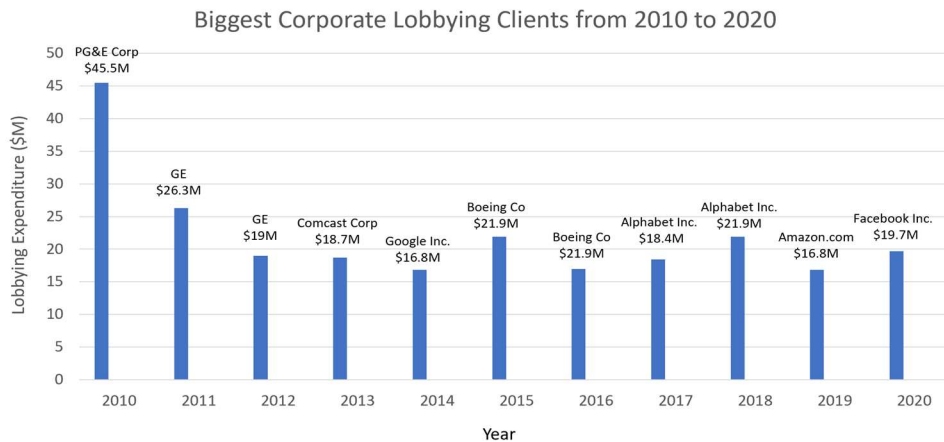


Figure 7 Corporate lobbying spending leaders data collected from OpenSecrets.org

Total lobbying spending in Washington from (2010-2020), versus Facebook and Amazon's lobbying spending (2010-2020) in \$

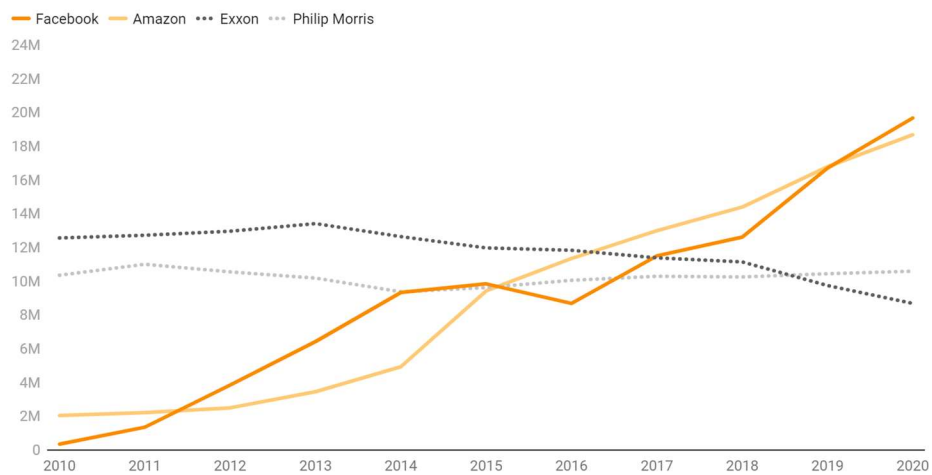


Chart: Public Citizen · Source: Center for Responsive Politics data provided to Public Citizen on Amazon and Facebook, supplemented with public OpenSecrets data for Exxon and Philip Morris · Get the data · Created with Datawrapper

Figure 8 Technology replaces oil and tobacco as biggest lobbying spenders from Public Citizen

The line graph above, shows tech companies Facebook and Amazon outspending past corporate lobbying giants Exxon Mobil from the oil industry and Philip Morris from the tobacco industry. In 2010, Facebook spent next to nothing on lobbying and Amazon was spending just over \$2 million. Exxon Mobil and Philip Morris were spending over \$10 million each in lobbying contracts. Ten years later in 2020, positions have swapped. Exxon Mobil and Philip Morris have been divesting from its Washington operation throughout the past decade and in 2020 were spending half as much as Facebook and Amazon. According to Public Citizen, Amazon and Facebook’s rapid increase is reflective of compounding regulatory challenges around Big Tech (Chung, 2020). At the heights of lobbying spending for the oil industry, were regulatory pressures high as well?

According to an article published by the New York Times, oil companies spent a combined \$154 million on lobbying in 2009. That is more than double what tech companies are lobbying for now. The money spent in oil lobbying was largely to limit the increasing regulations for climate change. During President Obama’s office, environmental quality requirements were

getting pushed onto oil companies. Exxon Mobil, Cocono Phillips, and others petroleum companies like Chevron were spending millions to stall climate change legislation (Mulkern, 2010). As a fellow who worked at President Bush's White House Council once said, "when a business's livelihood is at stake, they'll put a lot of money down on the table to influence the policies that will affect it." Companies that are faced with increased scrutiny and targets for heightened regulation, and when companies feel in danger of being controlled, they lobby harder.

Framework Analysis: Are the Results Ethical

Knowing that Facebook's lobbying strategies are aimed towards protecting its market dominance, in times of turmoil, Facebook will adopt defensive strategies that aim to reduce the number of regulations that it must face. Because Facebook is lobbying to reduce the regulations that are being pushed by the public, it is likely that the issues that Facebook is lobbying for may not be well aligned with what stakeholders are expecting out of Facebook's business decisions. In this evaluation section, five of Facebook's lobbying issues will be evaluated. A description of Facebook's lobbying actions will be provided, followed by a framework analysis. This will be done for each of the five lobbying issues.

Anti-trust

In recent times, the Federal Trade Commission has been filing for antitrust lawsuits to break Facebook apart to remedy Facebook's increasing monopolistic powers. Regulators are convinced that in Facebook's history, Facebook has been continuously acquiring or eliminating its rivals. In a Forbes article by Kelly Smith, numerous examples of Facebook buying start-ups were listed for the past decade. The notable few are Instagram in 2012, WhatsApp in 2014, and Kustomer in 2020. The budding start-up Kustomer focused on the development of chatbots and

had a valuation of over \$1 billion in the acquisition (Pitchbook). Facebook called its acquisition of new social media start-ups its “social commerce” initiative (Smith, 2021).

Facebook continues to dispute the claims about anti-competitive behavior, expressing their willingness to be transparent about their business practices, and their willingness to share access to their network codes to help others more easily create their own version of a social network (Romm & Dwoskin, 2020). Antitrust investigators have rejected Facebook’s ideas due to the vague remedy proposed by the tech giant; the reason being that sharing source code does not address competitive issues such as acquiring or pushing competitors out of the market. Facebook has hired Barbara Blank, a former top antitrust attorney at the FTC, and other influential figures from Capitol Hill who will help Facebook fight its case against the FTC (Romm & Dwoskin, 2020).

Based on the Responsible lobbying framework, Facebook has failed to pass all five pillars. Facebook’s lobbying to reduce free competition in the market is harmful to a stakeholder’s freedom to choose other service providers. Legitimacy is not satisfied because Facebook’s lobbying actions were misaligned with stakeholder expectations. Transparency is also not met because Facebook frequently chooses to remain silent about its lobbying strategies regarding antitrust regulations. There are consistency issues because Facebook is actively lobbying and fighting against antitrust regulations despite its claims that they are working in their best efforts to make the environment inclusive to new business ventures. As for accountability, it is difficult to determine what Facebook has done to hold itself accountable to promoting competition in the industry, so the lack of information rendered itself less accountable. Finally, Opportunity is not satisfied as Facebook has not encouraged other players in the industry to act in a responsible manner towards their stakeholders. Many in the industry like Facebook are lobbying against antitrust regulations.

Privacy

It makes sense that Facebook would like to avoid regulations that increase its costs and makes it more difficult to make revenues. With the Cambridge Analytica scandal, Facebook has been more careful about lobbying against privacy regulations that prevent companies from sharing and selling users' personal data. Jeffery Chester, director at the Center for Democracy and Technology at the Brookings Institution, indicates that tech companies may lobby less directly against privacy regulations by funding or sending donations to interest groups, think tanks, and in some cases academics to lobby or publish papers that are against privacy regulations. He also claims that these organizations often have strong influences on legislators, journalists, and the public due to their collective expertise (Stroller, 2019). Chester also states that the donations made to the private organizations have helped Facebook "oppose federal privacy laws and weaken existing safeguards." This is not only taking place in the U.S., but Facebook has also targeted politicians around the world promising investments in exchange for their support to lobby on behalf of Facebook against data privacy legislation (Cadwalladr & Campbell, 2019).

However, despite the happenings behind the scenes, Facebook has published in its corporate social responsibility reports that they are actively working to protect users' rights to data protection and privacy. Facebook has published that on the platform users are able to hide personal information from Facebook ads.

Regarding the ethical framework, Facebook meets the requirements of accountability and opportunity. Facebook's efforts in providing its users with data protection options indicate that they wish for their users to feel safe and comfortable using the platform. This is a form of self-accountability. Facebook also passes the opportunity pillar as they collaborate with other social networking platforms to reassure their users of network credibility. Facebook encourages others

to adopt similar privacy policies in their codes of conduct to ultimately avoid privacy scandals that lead way to stricter privacy regulations. Facebook, however, fails to meet the requirements for legitimacy, transparency, and consistency. Facebook's lobbying strategy to decrease privacy regulations ultimately is misaligned with stakeholder preferences. Facebook's collaboration and relationships with think tanks and academics are not transparent to the public and the negotiations between Facebook and privacy experts are not available to analyze. Finally, the enthusiasm for privacy protection shared by Facebook is inconsistent with lobbying efforts.

Climate Change

Like many of the technology companies, Facebook has committed itself to address climate change concerns. Facebook has released its goals to operate at a net-zero carbon footprint. However, when the company will be able to reach net-zero is unknown as Facebook is only planning on starting their efforts in their value-chain and are determined to have a net-zero value chain by 2030. This is quite representative of the industry as only a tiny fraction of tech lobbying is toward advocating for climate policy. According to a report from think tank InfluenceMap, between 2019 and 2020, only 4 percent of the technology industry's self-reported lobbying activities were targeting climate-related policy (George, 2021). Despite detailed plans and commitments toward improving climate concerns, tech companies have done little and make little impact on climate change policies. Nic Bryant, a climate activist from Extinction Rebellion states that "relative to [tech companies'] scale, very little is invested in saving the planet. These companies could and should be leading the way" (Teirstein, 2021).

Facebook's climate change lobbying passes three of the five pillars in the Responsible Lobbying framework. Facebook's commitment towards lobbying for climate change regulation match stakeholder preferences. Facebook is transparent about the efforts that have been and will

be committed to addressing climate change concerns. Others in the technology industry have also voiced support for climate change regulation and have been encouraging each other to stay committed to the cause. With these commitments towards lobbying for climate change regulation, Facebook passes legitimacy, transparency, and opportunity. However, Facebook can still improve its efforts in other sections. For example, Facebook's lobbying efforts are rather minimal compared to the messaging that is released to the public. Facebook has also chosen not to work with environmental agency groups to help support climate change initiatives, so in that regard, Facebook does not pass the accountability pillar as more action can be taken.

Platform Advertisements

Ad revenue is a big part of Facebook's business model, so increasing regulation on online advertisement is not something Facebook wants. However, with recent concerns about disinformation on the social media platform sourced with political agendas, people are concerned about Facebook's advertisement policies. One of the most talked about bills in the past couple of years has been the Honest Ad Act. The goal of the Honest Ad Act is to provide transparency for online political advertisements. Zuckerberg has stated that Facebook is supportive of the Honest Ad Act and is working on avoiding future political disinformation placed onto the platform (Picchi, 2018). An author at the Institute for Free Speech thinks differently about Facebook's support for the Honest Ad Act. Megan Brandabur claims that this is Facebook's attempt to rekindle relationships with politicians that were negatively impacted by the Russian meddling scandal in the 2016 election as well as to increase the barriers to entry through heightened regulations. Not only are the costs higher for new companies to better comply with stricter regulations, but it will also be more difficult for small platforms to distribute political material in general (Brandabur, 2019).

Using the Honest Ad Act to represent the lobbying efforts in the platform advertisement category, Facebook passes legitimacy, consistency, and accountability. Facebook is lobbying for transparency in online advertisements which is in line with what stakeholders want. Facebook's commitment to having honest advertisement is also consistent with the statements Facebook has released about wanting to reduce misinformation on the platform. Accountability is also met since Facebook has started to implement aspects of the Honest Ad Act to ensure that political meddling can be avoided in the future. However, the other facets of the framework are not met. Transparency for the integration of the Honest Ad Act's requirement into the platform is unclear and not publicized. Facebook also does not pass the opportunity section as they are not advocating the integration of the Honest Ad Act to the other tech giants in the industry.

Government Surveillance

In 2014, the technology companies were quick to lobby for a reduction in the surveillance powers of the U.S. National Security Agency and an increase in transparency on government data requests. The tech giants were eager to get the USA Freedom Act passed through the Senate. The bill would prevent the government from collecting large amounts of data from communication data and personal data on the internet. Tech companies like Facebook were adamant about getting this bill passed to protect their user base and prevent users from feeling like they were constantly being watched while on their platforms. Facebook advocated for freedoms from surveillance while this bill was brought to the Senate. The transparency push with the USA Freedom Act allowed technology companies to disclose the data requests by the government and provide accountability to their users (Gibbs, 2014). The bill that was brought up in 2014 passed the following year in June.

Facebook continues to advocate for a reduction of government surveillance and data collection on its platform. Using the 2014 USA Freedom Act as a representative of the government

surveillance category, Facebook passes all five pillars of the Responsible Lobbying framework. Legitimacy is met since Facebook’s users would prefer that Facebook lobbies for lower government surveillance and greater transparency with data collection. Transparency is met because Facebook is upfront with their support for the bill and commitment towards transparency of government data demand. The information that is published by Facebook is also consistent with what Facebook is lobbying for. The accountability aspect is met since Facebook is proactive in pushing for the bill to be pass as soon as possible. And lastly, opportunity is met as Facebook joined a coalition with the other technology giants to support getting the bill passed.

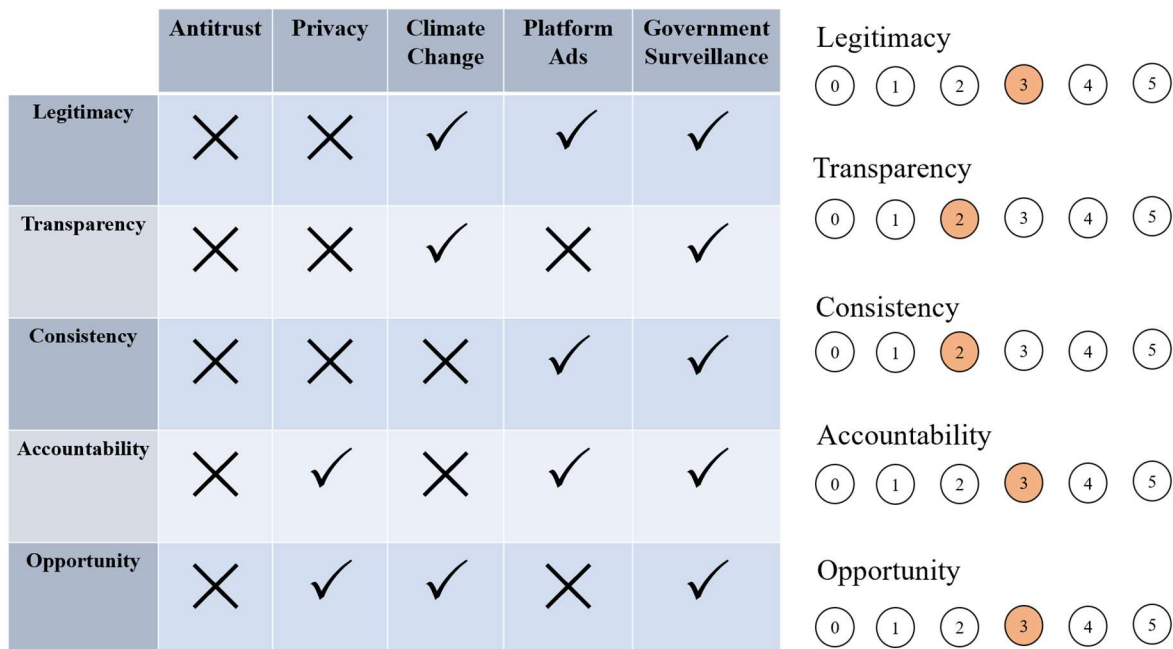


Figure 9 Results based on the Responsible Lobbying Framework

Conclusion

This study looked at the lobbying environment in the technology industry, in particular, Facebook's lobbying strategies in the past decade. The finding of this study supports the growing concern that technology companies are gaining too much power to be lobbying only in their own self-interests. As technology companies are becoming bigger players in the political field, there is more reason for businesspeople to also start thinking like political scientists in their evaluations for their business practices. Responsible lobbying is transparent and committed to influencing policy with the best interest of stakeholders and societal wellbeing.

The case study shows that Facebook has had rapid development since its founding, and its influence on K Street is only following suit. Facebook's lobbying tactics in Washington have been observed by many as opportunistic: Facebook lobbies against regulations that take power away from the technology industry namely heightened antitrust regulations, and Facebook supports small-scale changes in climate change and restrictive advertisement policies to out-cost new competitors out of the market. The narrative in the case study portrays Facebook's lobbying strategy negatively, but the evaluation from the Responsible Lobbying framework supports the story developed through the case study.

After evaluating five of Facebook's lobbying issues through the Responsible Lobbying framework, the results showed that in each section of the framework, no more than three of the lobbied issues passed. Facebook's claim to be 'for competition' had the FTC coming after it with antitrust lawsuits. With impending litigation, Facebook has invested heavily against antitrust lobbying. Similarly, Facebook publicly supports stronger privacy laws, but actively lobbies to make privacy laws more relaxed so partnerships between Facebook and other tech services can collaborate with looser regulations. The other three issues brought up Facebook's score, but not by

much. Climate change, platform advertisements, and government surveillance are three issues that Facebook lobbying efforts match consumer and public preferences, however, with Facebook's capabilities, more can be done to benefits the common good.

Future Studies

While evaluating Facebook's lobbying efforts, policies that reduced government surveillance were interests for Facebook and its stakeholders. The alignment between stakeholders and the company is likely due to aligned incentives. Stakeholders prefer privacy and Facebook does not want to leave large amounts of user data at the disposal of the government. It would be interesting for future studies to explore the incentives that would encourage businesses to lobby responsibly. Knowing that the current system incentivizes businesses to act less responsibly, how would a hypothetical system need to be structured in order to have companies align their goals with their stakeholders. It is not wrong for businesses to act in their own interests but achieving personal gains does not need to come at the expense of unethical business management.

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