



FACEBOOK'S PRIVACY PRACTICES

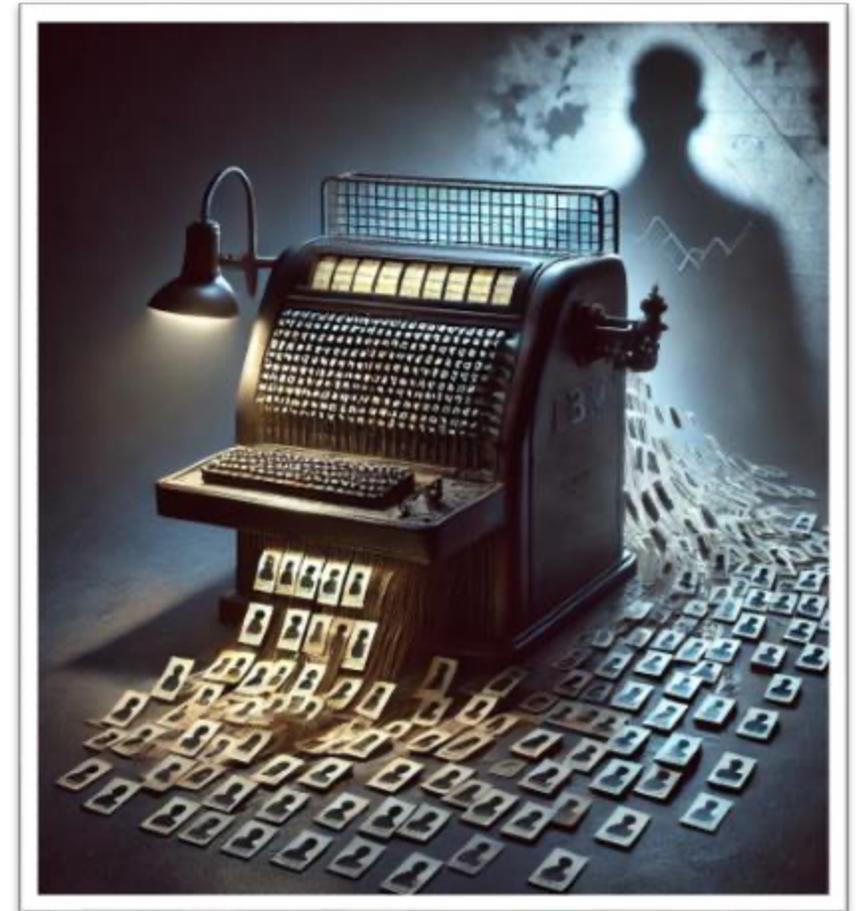
Through the lens of compliance, integrity, and excellence

MARCO TULIO DAZA

SUPERVISORS: ALEJO J. SISON PH.D
DULCE REDÍN GOÑI PH.D.

IBM & THE HOLOCAUST

- In 1940, the Nazis invaded the Netherlands and sought to identify opponents, especially Jews.
- IBM provided Hollerith machines and punch cards to classify and deport people.
- Public records contained data such as religion, ethnicity, and address.
- Jewish population that died: 73% in the Netherlands vs. 25% in France



Black, E. (2001). *IBM and the Holocaust: the strategic alliance between Nazi Germany and America's most powerful corporation*. Crown Publishers.



ABSTRACT

This paper analyzes **Facebook's privacy and data protection practices** to identify the risks and harms derived from its operations and to determine if:

1. it is **complying** with the legal framework (EU & USA),
2. if its practices are **integrity**-oriented, and
3. How its practices can aim for **excellence** and contribute to human **flourishing**.

This paper contributes to the tech governance debate by proposing a **virtue ethics framework** to guide Facebook (and similar social media platforms) toward becoming a trustworthy technological infrastructure. Such infrastructures would facilitate meaningful digital connections globally by aligning their corporate objectives with the promotion of **human flourishing** and the **common good**.

Keywords: Ethics, Artificial Intelligence, Meta, Facebook, Privacy, Social Media



AGENDA

1. Why Privacy Matters?
2. Meta's Business Model Undermines Human Dignity
3. Compliance is Insufficient to Protect Privacy
4. Integrity-Based Programs Have Been Instrumentalized
5. A MacIntyrean Virtue Ethics Approach

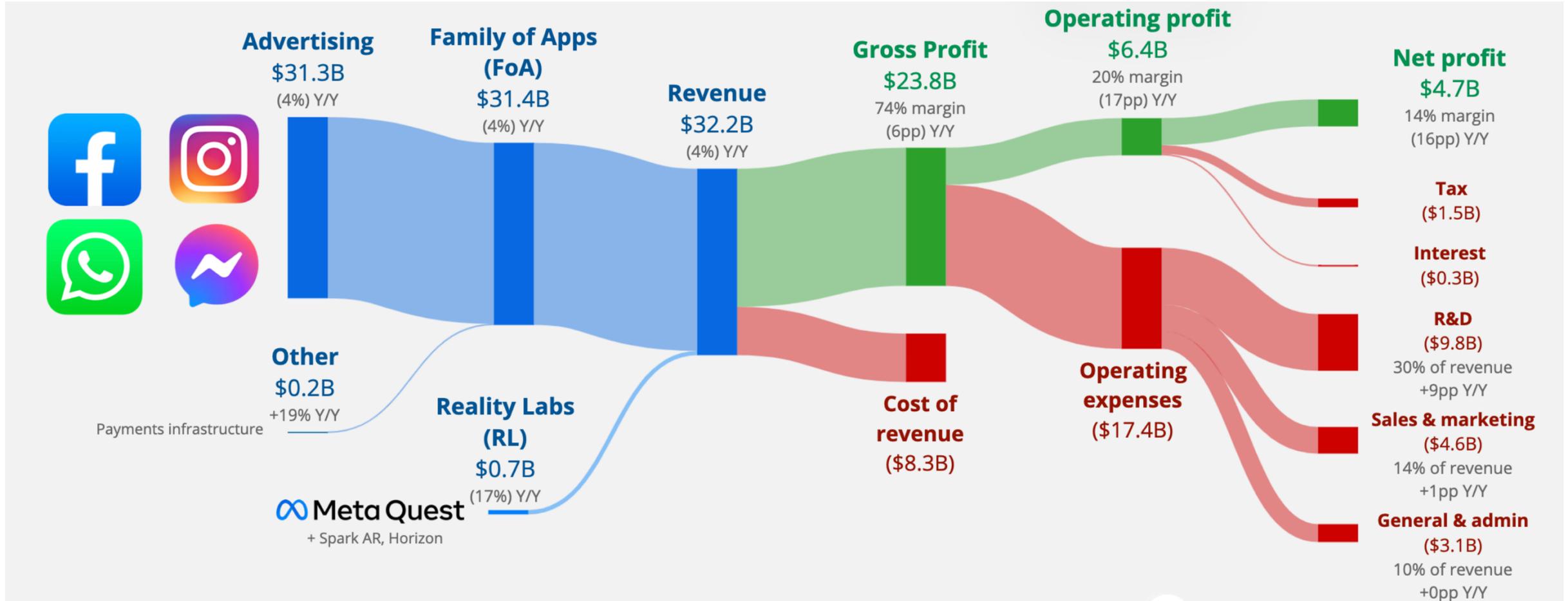


WHY PRIVACY MATTERS?

- ❑ **Privacy is valuable** because allows us to control what we share with different persons.
- ❑ **The most used social platform** in the world, with more than 3 billion monthly active users.
- ❑ Every day, Meta's users: post 1 billion stories, 350 million photos, 55 million status updates, and 100 million hours of video content
- ❑ Its **business model** offers a personalized experience for users and sells personalized ads for customers.



98% OF META'S REVENUE COMES FROM ADS



Meta's Q4 2022 Income Statement





WHY FACEBOOK'S PRIVACY MATTERS?

- ❑ Desire for recognition prompts individuals to **share their lives online**, potentially compromising their privacy.
- ❑ Facebook's data is used by **AI algorithms to predict users' behavior** and present them with personalized ads.
- ❑ There is a significant **incentive for the company to push users to sacrifice their privacy** to keep users connected for as long as possible for profit.
- ❑ ...but that's not all.

PRIVACY-RELATED RISKS FOR META'S STAKEHOLDERS

- ❑ Excessive user exposure
- ❑ Unauthorized Access (500 million users Breach)
- ❑ Endangering Mental Health
- ❑ Employer Surveillance & Discrimination
- ❑ Financial Loss & Brand Damage for shareholders
- ❑ Polarization (Echo Chambers)
- ❑ Spread of Misinformation and Disinformation
- ❑ Targeted Manipulation (Cambridge Analytica)
- ❑ Surveillance & Political Prosecution
- ❑ Socially Destabilizing Asymmetries of Power

HUMAN DIGNITY

- ❑ Is the **intrinsic value that all humans share** (ends in themselves).
- ❑ Facebook's AI algorithms (speed, scale, adaptability) could use data in ways that can undermine **human dignity**.
 - ❑ Data practices deprive users of control over their own information.
 - ❑ Manipulation and misinformation erode individuals' agency.
 - ❑ Surveillance, discrimination, and political persecution restrict freedom of expression and association.
 - ❑ The resulting asymmetric power dynamics distort democratic engagement and erode public trust in institutions.

COMPLIANCE

- ❑ **Privacy** is recognized as a fundamental human right and is essential for the protection of individual **autonomy** and **dignity**.
- ❑ European Union legal framework: GDPR, DSA, DMA, AIA...
- ❑ United States legal framework:
 - ❑ Federal: PA 1974, HIPAA, COPPA, GLBA
 - ❑ State: California (CPPA, CPRA), Colorado (CPA), Virginia (CDPA), Utah (UCPA), among others.
 - ❑ National Regulation coming...

FINES AND SETTLEMENTS IMPOSED ON META

Year	Product	Country	Fine in USD	% of Annual Income	Issue related
2011	Facebook	Germany	\$ -	0.0000%	Consent
2011	Facebook	USA	\$ -	0.0000%	Users' data shared by Facebook
2012	Facebook	USA	\$ 9,500,000	4.1485%	Consent
2017	Facebook/ Whatsapp	EU	\$ 122,100,000	0.5522%	Acquisitions
2017	Facebook	Netherlands	\$ -	0.0000%	Consent
2017	Whatsapp	Italy	\$ 3,240,000	0.0203%	Users' data shared by Facebook
2018	Facebook	UK	\$ 643,000	0.0029%	Cambridge Analytica
2018	Facebook	Belgium	\$ -	0.0000%	Consent
2019	Facebook	USA	\$ 5,000,000,000	27.0490%	Cambridge Analytica
2019	Facebook	USA	\$ 100,000,000	0.5410%	Cambridge Analytica
2021	Facebook/ Giphy	UK	\$ 69,690,000	0.1770%	Acquisitions
2021	Meta	France	\$ 67,950,000	0.1726%	Dark Patterns
2021	Whatsapp	Ireland	\$ 265,500,000	0.6744%	Users' data shared by Facebook
2022	Meta	USA	\$ 725,000,000	3.1250%	Cambridge Analytica
2022	Instagram	EU	\$ 430,000,000	1.8534%	Children's rights
2022	Meta	Ireland	\$ 18,647,300	0.0804%	Data breach
2022	Meta	Ireland	\$ 275,000,000	1.1853%	Data breach
2022	Meta	Russia	\$ 52,800	0.0002%	Government censorship
2023	Facebook	Ireland	\$ 220,500,000	-	Override consent
2023	Instagram	Ireland	\$ 189,000,000	-	Override consent
2023	Whatsapp	Ireland	\$ 5,940,000	-	Override consent
2023	Meta	Ireland	\$ 1,320,000,000	5.6897%	Data transfer from EU to US

PENALTIES IMPOSED IN US & EU

Issue related	Fine or settlement in USD
Dark Patterns & Consent	\$ 761,630,000.00
Acquisitions	\$ 191,790,000.00
Cambridge Analytica	\$ 5,825,643,000.00
Children's rights	\$ 430,000,000.00
Data breach	\$ 293,647,300.00
Data transfer from EU to US	\$ 1,320,000,000.00
TOTAL	\$ 8,822,710,300.00

Penalties for infringing Data Protection regulations between 2004 and 2023

COMPLIANCE

In defense of Meta, some may argue:

- ❑ Tech advances regularly outpace regulations.
 - ❑ Meta violates its own ToS (7.5 million users under 13)
- ❑ Due to its massive size, it sometimes will fail to comply.
 - ❑ Meta doesn't allow it to opt out of sharing data to train its AI in Latam.

COMPLIANCE

- ❑ **Meta has been imposed with fines 22 times for more than \$8.8bn**
- ❑ Meta has faced record fines: \$1.2 billion penalty in Europe & \$5 billion fine in the U.S. from the FTC.
- ❑ **Facebook violations** of data protection regulations: systematic, repetitive, and continuous (EDPB Chair).
- ❑ Between 2011 and 2021, Meta received three fines for sharing users' data without their consent, violating their own terms of use.

COMPLIANCE

Compliance is not enough because:

- ❑ There are always risks unaddressed by the law.
- ❑ Enforcement mechanisms could be insufficient, and fines not strict enough for big tech behemoths.
- ❑ The law can be unfair or flawed (e.g., Compliant Nazi Officer, Vietnamese activist).
- ❑ Fines are often not strict enough for behemoths like Meta.

INTEGRITY

- ❑ **Stakeholder Analysis:**

- ❑ **Value to Some:** Shareholders, advertisers, content creators, and employees benefit significantly.

- ❑ **Harm to Others:** Users, governments, competitors, and local communities experience significant negative impacts.

- ❑ Meta implemented various measures to address harm, some voluntarily and others mandated by regulatory bodies.

- ❑ Evidence suggests a disregard for user wellbeing.

	Stakeholder	Interests	Value Created	Risks & Harms
Data processors	Shareholders	Financial performance and growth.	990% gain for early investors, upward stock value trend.	Revenue impact due to privacy issues; stock value loss.
	Advertisers	Ads effectiveness, marketing ROI, data analytics, access to user base.	Targeted ads; prominent ROI; hyper-segmentation, access to a large and diverse user base.	Loss of precision in targeted ads due to regulations and Apple ads boycott; Brand damage from associating with Facebook.
	Employees	Job security and career growth; compensation and benefits; ethical business practices.	Competitive compensation; comprehensive benefit pack.	Ethical concerns related to privacy practices, massive layoffs
	Governments	Enforcing data protection and privacy regulations, data requests for criminal investigations, censor illegal content.	Complying with legal data requests and enforcing restrictions on illegal content.	Company's attempts to bypass regulations; misleading officials; deceptive practices, and public health issues.
	Competitors	Exposure; Ad revenue.	Access to large audience base.	Ad revenue erosion; defamation; and shadow banning.
Data subjects	Users	Protecting privacy; data security; connecting with friends and acquaintances; and personalized experience.	Cost-free communication platform; social connection; personalized experiences; and privacy control settings. Mental health benefits for vulnerable or marginalized sectors	Dark patterns; Bypassing consent; predatory ads; teen's mental health issues; online harassment; echo chambers; filter bubbles; political manipulation; and unauthorized data access.
	Content Creators	Protection of intellectual property rights; fair compensation for content; wider audience reach and engagement.	Platform for content distribution; access to a large and diverse user base; opportunities for monetization.	Copyright infringement and content piracy; "watchbait" & "clickbait"; misleading content.
	Local Communities	Building community bonds; information dissemination; and supporting local businesses.	Enhanced social connection; communication platform; and thriving local businesses.	Non-user data collection; polarization; manipulation of public opinion; online harassment; government surveillance; and exploitation of data by malicious actors.

INTEGRITY

Meta claims to conduct operations with integrity yet utilizes questionable tactics:

- ❑ Deliberate ignorance to avoid responsibility (Facebook Papers, 41 states)
- ❑ Misleading techniques to collect user data (Dark patterns, bypassing consent, outright lies to authorities)
- ❑ Efforts to address issues mainly when under public scrutiny (Cambridge Analytica, etc).
- ❑ Crises management when caught (Meta, Dirty campaigns against competitors)

This evidences an instrumental use of integrity. Profitability should be a priority, but not at any cost.

EXCELLENCE

Excellence is the virtuous performance of a practice aimed at its internal goods, contributing to human flourishing (eudaimonia).

EXCELLENCE: VIRTUE ETHICS FRAMEWORK

- **Practice:** as a socially established cooperative activity (common good) where participants aim for excellence (internal goods) as determined by the activity itself (MacIntyre, 2007). No zero-sum.
- **Institution:** Practices require the support of institutions because, while practices themselves are concerned with internal goods, institutions pursue external goods —power, money, prestige— that are required for the practice to survive (Sinnicks, 2021).

EXCELLENCE: VIRTUE ETHICS FRAMEWORK

Internal Goods: Derived from the activity itself. Contribute to excellence and the fulfillment of the activity.

- ❑ Mastery of a craft, teamwork, and intellectual growth.

External Goods: Achieved as outcomes from engaging in an activity but not essential to the performance itself. Often measured by societal standards and can be possessed or taken by others.

- ❑ Fame, money, power, and social status.

Key Distinction:

- ❑ Internal goods are integral to the practice and improve the individual's and community's capabilities.
- ❑ External goods are incentives that may motivate participation but do not necessarily enhance personal or collective excellence in the practice (zero-sum fashion).

EXCELLENCE: VIRTUE ETHICS FRAMEWORK

- 📘 **Practice:** Developing and maintaining a technological platform for social interaction.
- 📘 **Institution:** Meta Platforms Inc.
- 📘 **External Good:** Profits, Salaries.
- 📘 **Internal Good:** Global Meaningful Digital Connections.

EXCELLENCE: VIRTUE ETHICS FRAMEWORK

📘 **Internal Good:** Global meaningful digital connections.

- Aristotle's **Zoon Politikon**: Establishing *meaningful connections* with others can significantly enhance understanding, empathy, and solidarity, thereby nurturing social trust (Putnam, 1995).
- Aristotle's **Oikonomikē**: There is a strong positive correlation between social trust and economic prosperity (Rothstein, 2013; Bjørnskov, 2017; Knack & Keefer, 1997).
- Aristotle's **Eudaimonia**: Meaningfully connecting and trusting others is linked to increased levels of well-being and self-perceived happiness (Baek & Parkinson, 2022; Helliwell, 2006; Leung et al., 2011; Mariadhas, 2019; Sison, 2014).

CONCLUSION

- ❑ Facebook has the potential to become a trustworthy technological infrastructure that facilitates social interaction (communication, education, work, leisure, shopping, media consumption, and more).
- ❑ By focusing on facilitating “global meaningful digital connections” Meta could become a force for human flourishing.
- ❑ This requires trade-offs, particularly in profitability, making such a shift unlikely.
- ❑ Still, ethical ideals shouldn’t be compromised just because they are hard to achieve. This paper offers a normative vision to inspire systemic reform.

FUTURE RESEARCH

- ❑ How can this virtue ethics approach be instrumentalized in Facebook (and similar platforms)?
- ❑ How regulation or public procurement could encourage platforms to prioritize ethical excellence.
- ❑ The role of executive decision-making in shaping ethical culture within tech companies.



Marco Tulio Daza

mdazaramire@alumni.unav.es

PH.D. STUDENT

FACULTAD DE CIENCIAS ECONÓMICAS Y EMPRESARIALES,
INSTITUTO DE CIENCIA DE DATOS E IA (DATAI), UNIVERSIDAD DE NAVARRA
CUCEA | UNIVERSIDAD DE GUADALAJARA



Universidad
de Navarra

DATAI
INSTITUTE OF DATA SCIENCE
AND ARTIFICIAL INTELLIGENCE

