

# DC eyes tighter regulations on Facebook and Google as concern grows

Political spending on TV and press is transparent but there are no rules for online ads. With allegations of Russian influence in last year's election, that may change



Unlike other media, online companies like Facebook don't have to keep records of who pays for political ads, keeping the public in the dark about a key source of influence Photograph: Karen Bleier/AFP/Getty Images

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[Ben Jacobs](#) in Washington

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Every time a television station sells a political ad, a record is entered into a public file saying who bought the advertisement and how much money they spent.

In contrast, when Facebook or Google sells a political ad, there is no public record of that sale. That situation is of growing concern to politicians and legislators in Washington as digital advertising becomes an increasingly central part of American political campaigns. During the 2016 election, over \$1.4bn was spent in [online advertising](#), which represented a 789 percent increase over the 2012 election.

Online advertising is expected to become even more important in the 2018 midterms and the 2020 presidential election. However, while regulations governing television, radio and print ads are long established, there is little oversight in place for digital political ads. Broadcast television and radio stations are legally mandated to record who bought political ads and how much they spent. But online, political ad buyers are under no such obligations – and so the public are flying blind. The result is a landscape that one operative compared to “the wild west.”

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For example, last week [it was revealed](#) that a Russian influence operation spent over \$100,000 on Facebook during the 2016 election. As Democrat Mark Warner of Virginia [warned recently](#), this expenditure could be “the tip of the iceberg.”

The revelation came as the growing influence of major tech companies has become a topic of bipartisan concern in Washington DC, and voices on Capitol Hill are getting louder about the need for more oversight of the digital giants’ growing role in American politics.

Although some on the left have long raised concerns about the lack of competition for companies like Google and Amazon, the Trump administration has ushered in a new group of right-wing officials who are skeptical of these companies. Former White House aide Steve Bannon argued in favor of regulating Facebook and Google as public utilities, and White House press secretary Sarah Huckabee Sanders gave a [pointedly muted](#) response after Google received a record fine from the European Union. “I don’t have anything for us to wade in on a private company,” she said in June.



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Large information companies such as Google have come under fire from voices on the right and the left  
Photograph: Jeff Chiu/AP

This has been joined on the left by increasingly vocal comments by prominent progressives like Bernie Sanders and Elizabeth Warren, who [warned in a speech](#) last year that major digital companies like Google and Amazon were “trying to snuff out competition.” This gained more attention in August when the liberal New American Foundation fired a scholar who had argued Google was a monopoly. The company, whose CEO Eric Schmidt was a prominent Clinton supporter, had donated heavily to the nonprofit.

This scrutiny is starting to extend to the role of online advertising in American politics. The FEC has [reopened a comment period](#) on its rule on disclaimers for online political advertising. However, it’s unclear whether this will lead to any change in its rules, which currently grant most online advertising

an exception from regulations that require disclaimers, the small print stating who paid for a particular ad, on “electioneering communications.”

Oren Shur, the former director of paid media on Hillary Clinton’s presidential campaign told the Guardian, “you have everyone under the sun buying political ads online now. It’s where everything is least transparent.”

As a Democratic digital operative noted to the Guardian, “all advertising on television and radio can be linked back to an FEC filing report. Fundamentally the press and the public can understand who is buying advertising for the purposes of the election, at a basic level you ... can see who is spending what to influence an election and that’s just not true with Google, YouTube [Facebook](#) and Twitter.”



[Facebook](#) [Twitter](#) [Pinterest](#)

Regulations in place to track political television ads, like this one broadcast in January, 2016, simply don’t exist for online media Photograph: Jamie-James Medina for the Guardian

Facebook and Google now make up roughly 70-75% of political digital advertising sales, but the key question is whether there is any way to effectively implement a method of disclosure that makes transparency a reality. Jason Rosenbaum, the former advertising director for the Clinton campaign, suggested these companies adopt a voluntary system of disclosure. He noted that cable companies, which are not expressly regulated by the FCC had long done this. Rosenbaum noted that legislative and regulatory solutions both face significant political obstacles and that it was hard to envision a technological way to track advertisements.

Instead, he thought a voluntary option would not only benefit the public but be good for platforms as it would enable them to sell more advertising which he noted is “what these companies do.” If a campaign knows a rival has bought advertising on an online platform, it is more likely to respond in kind and attempt to match the buy.

In the meantime, without a solution, skeptics of major tech platforms have warned of the consequences.

Luther Lowe, vice president for public policy at Yelp and a vocal critic of Google, told the Guardian, “This is not standard monopoly abuse.” Lowe added, “When a dominant information firm abuses its monopoly, you get the same negative effects of reduced choice and higher prices as in other

monopolies, but democracy and free speech are also undermined because these firms now control how information is accessed and how it flows.”

As Lowe noted, the concerns over the dominant role of Google and Facebook are not limited to the realm of political advertising. In the past week, Yelp [filed an anti-trust complaint](#) against Google, alleging that it is wrongly scraping Yelp’s content, and Facebook [has come under attack](#) for allowing advertisers to target content to users interested in topics like “Jew Haters.” But the potential that a foreign government used any of these platforms to influence the 2016 election looms over all of the other topics.



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[The Agenda](#)

## Inside the new battle against Google

Barry Lynn and his team think monopoly is the next great Democratic political cause. But what happens when they aim for the tech giants?

By [DANNY VINIK](#)

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One of the biggest, most embarrassing divorces in the normally quiet world of Washington think tanks blew into the open earlier this month, when writer Barry Lynn and nine others defected from New America. Lynn said they were pushed out of the influential Democratic think tank after he wrote a post

this summer criticizing Google, one of its key funders. Anne-Marie Slaughter, who heads the foundation, called the story reporting the news "false"—then wrote a [long Medium post](#) walking her charge back.

Whatever the final trigger for the split, its roots lay far deeper than this summer's scuffle. The Google controversy marked the most public emergence of an intellectually combative group jostling for a role as the new economic brain of the Democratic Party.

Lynn's group, called Open Markets, has spent six years arguing that the Democrats have become too comfortable with corporate money and power, and need to rally around a new principle: breaking up monopolies. As the party remains locked in a struggle to reboot itself, unable to craft a unifying vision in the Trump era, Lynn and his group are trying to push it into a new fight against global corporate titans, targeting big companies like Google by name, and arguing that it's time to use federal antitrust law to chip away at their influence. They see the fight as both a boon to democracy and a political framework that could excite voters in a new, more energized populist moment.

Slaughter acknowledged the goal in her Medium post, where she described the split from New America as "the opening salvo of one group of Democrats versus another group of Democrats in the run-up to the 2020 election."

Lynn and his team weren't exactly caught out by their separation from New America: By the time the Times story came out, they were ready with a [whole new website](#) depicting Google as an evil octopus, with headshots of the whole team promising to take on corporate monopolies. They're launching a new think tank, called the [Open Markets Institute](#), which will have a staff of 20 to 25 people, including a group of lawyers planning to work with state attorneys general to push antitrust cases at the state level.

Lynn, a former journalist, has spent years building a public case that corporate monopoly is a growing threat, hiring like-minded thinkers and writers to advance the cause. The rest of his team has become increasingly high-profile, including Lina Khan, who earlier this year wrote an [influential law-journal article](#) attacking Amazon as the new shape of anticompetitive corporate behavior; Matt Stoller, a prolific Twitter warrior who communicates weekly with lawmakers like Ro Khanna, the Silicon Valley-based congressman. Zephyr Teachout, the New York law professor and darling of the progressive left, will chair the board of the Open Markets Institute.

Open war with a powerhouse like Google, risky as it sounds, is typical of Lynn's team, which is making a name for itself going after the largest possible targets in the Democratic universe. Khan's article spent 40,000 words targeting one of the biggest names in the Democrat-friendly tech industry. Stoller, who frequently trades barbs with leaders of the Democratic establishment, is known for frequent attacks on Barack Obama himself, who he has called a "[bad president](#)" who is "[ideologically averse to democracy](#)" and whose policies "[entrenched fraud and monopoly as the guiding principles in our commercial system](#)." At a time when Obama might be the only figure with some unifying power among Democrats, that amounts to something of a frontal attack on the very identity of the national party.

“[Barry has] been fearless and persistent in pushing these issues,” said Jonathan Kanter, an antitrust lawyer at Paul Weiss. “It’s hard to think of somebody more central to the discussion than Barry and Open Markets.”

Lynn and his team argue that the concentration of money and power in a small number of companies is a huge danger to our economy and politics, and that Washington's main weapon to combat it, antitrust law, has become rusty from lack of use. They want to revive the New Deal antitrust regime that prioritized competition and worried about the political power of large companies—a reform that would represent a reboot of antitrust thinking for the new tech age and the kind of new political rallying point that Democrats have been looking for.

Politically, it's novel territory: A populist philosophy that rejects both the technocratic approach of the Obama and Clinton administrations and the centralization at the heart of Bernie Sanders-style democratic socialism. Lynn and his team see themselves as essentially pro-competition and pro-business, creating new openings for smaller companies being boxed out by giants. At a time when the new Bernie-bro energy seems to be pulling the party toward its left fringe, they see this philosophy as offering a middle way, a populist agenda that can bring in independent—maybe even Republican—voters, appealing to a farmer in Des Moines, a small businessman in Dallas and a single mother in Detroit.

“I give them a lot of credit for being visionaries on this and driving it and speaking about it when they were voices in the wilderness,” said Andy Green, managing director for economic policy at the Center for American Progress, who supports stronger antitrust enforcement.

This new antitrust movement is gaining some real traction, with a recent wave of coverage in [BuzzFeed](#), [POLITICO](#) and elsewhere about how the tech giants are no longer sacred cows in D.C. The Democrats adopted stronger antitrust language in their [platform](#) in 2016 and, more recently, in their “[Better Deal](#)” agenda.

But for all the Democratic Party’s renewed interest in antitrust, it has still not adopted the more ambitious and controversial aspects of Open Markets’ broader political philosophy. Notably, none of the new plans target Amazon, Google, Facebook or the other big tech firms that Open Markets believes are becoming the biggest threats to commercial freedom—but are big political allies of the Democrats.

To Lynn, that’s not exactly a surprise. “Most people don’t understand how really different this philosophy is,” he said. But he’s thrilled at the progress that has been made in just the past few years. What started from some uninformed thoughts after a hurricane hit Taiwan almost 20 years ago has now become a leading plank in the Democratic Party. “This is moving very rapidly,” he said hopefully. “People are coming to understand this.”

The scandal over Google and New America is, if anything, the best evidence that Open Markets is starting to matter, and attract attention, in Washington. But it’s far from certain that the Democratic

Party is willing to swallow it wholesale. It may amount to a bet on the future of the party that the party's leaders are not willing to make.

**LYNN DATES HIS** own awakening to a specific day: September 21, 1999, when a 7.6-magnitude earthquake [struck](#) Jiji, Taiwan, killing almost 2,500 people and causing billions in damage. At the time, Lynn was the executive editor of *Global Business*, a magazine for business executives with stories about NAFTA and the WTO. But he quickly found himself fixated on the Taiwan earthquake—not on the natural disaster itself but on its effect on businesses in America, thousands of miles away.

Soon after the earthquake, the stock prices of major U.S. tech companies, including Apple, Dell and Hewlett-Packard, plunged. He wondered why, and discovered that the earthquake had temporarily shut down an industrial park that made a significant percentage of computer components. The industry had become so concentrated that American companies half a world away were paralyzed by the lack of a crucial part. For Lynn, it was a warning shot. Corporate concentration had made the global industrial economy much more fragile than it looked. He called it the first “modern industrial crash” and wondered what might happen if the earthquake were bigger, or if China attacked Taiwan.

“I assumed initially that someone understood this,” Lynn said. But after talking with business leaders and policymakers, he realized no one had really thought it through.

He joined *New America* in 2001 and four years later, he published a book, called [End of the Line](#), about the dangers of America's complex supply chains. The book garnered real interest—he briefed senior officials at the Treasury Department, CIA and Department of Defense—but Washington quickly united around a different interpretation: Far from a threat to America's national and economic security, the new globalized economy raised the costs of war, effectively guaranteeing peace.

Disappointed but undeterred, Lynn focused on what he believed had made America's supply chains so fragile: corporate concentration. Lynn came to see concentration not just as a supply-chain problem, but as an economic and political problem—one that posed threats to both American prosperity and democracy itself.

In theory, Washington had a tool to deal with this problem in the form of antitrust law, which was once used to break up immense monopolies like Standard Oil. But in practice, that no longer happened. In 2006, in a [much-discussed article for Harper's](#), he called for the break-up of Walmart, saying that the retail giant had too much power over its suppliers and workers. That eventually turned into his second book, "[Cornered](#)," which came out in 2010 and traces the rise of modern-day antitrust policy. Since the New Deal, policymakers had looked skeptically on large firms, preventing mergers that would create huge corporations and breaking up companies that grew too big. But in 1978, the conservative legal scholar Robert Bork published "[The Antitrust Paradox](#)," a nearly 500-page book that argued that antitrust policy should be concerned only with “consumer welfare,” generally measured by consumer prices, and should not concern itself with the structure of markets. If prices were low, he argued, the market was working. Bork's consumer-focused approach gained the support of prominent liberal economists like John Kenneth Galbraith, and under President Ronald Reagan it became [national policy](#).

The "consumer welfare" framework has driven antitrust policy under both Democratic and Republican administrations ever since.

Lynn argued that this approach was far too narrow and that it left the government powerless to fight some of the most damaging effects of corporate concentration. A monopolist can keep prices down and still cause harm—by underpaying workers, for example, or influencing the political system. Lynn considers himself a deep believer in free market competition, a difference between the new antitrust movement and leftists, but he believes the government needs to play an active role in keeping those markets competitive. This philosophy dates back to the country's founding, when Thomas Jefferson and James Madison argued that the government must protect individual citizens from monopolies; it was later reinvigorated by Supreme Court Justice Louis Brandeis. (For that reason, the new antitrust movement is sometimes called the "New Brandeis" movement; Stoller prefers Jeffersonian Democrats.)

If that sounds grandly historical, Lynn has never been shy about the import of what he's doing. "We are resurrecting a lost language of political economics," said Lynn. "The word 'political' has been lopped off from the word economics. We've been taught to see economics as an entirely technical sphere. We have these experts who study problems, like doctors studying a body, and they tell us what to do. The traditional political economics is all about the engineering of power." In this view, the shape of markets is inherently a political decision, but for decades it has been depoliticized under the guise of economics. "When the technocrats tell you it's science, that's bunk."

"It is the extension of checks and balances into the political economy," he added. "Competition policy determines how individual citizens compete with one another. It is the way that we make our society. It touches on absolutely everything."

The Open Markets view is that government should use its antitrust powers broadly, to structure industries to meet societal goals. That structure would look different depending on the industry; industries that mass manufacture goods—chemicals, cars, metals, for instance—should be allowed to vertically integrate as long as they have real competitors, said Lynn. For farming, retail and services, antitrust would promote individual ownership, so that "people who want to be an independent farmer or insurance agent or restaurateur, if they had the wherewithal to do so, could run their business without facing giant, super-capitalized predators."

In 2011, Lynn launched the Open Markets program at New America, an effort to take the ideas he developed in "Cornered" and bring them to a wider, more influential audience. Lynn's first hire, Lina Khan, spent significant time out West, interviewing farmers and [telling stories](#) about their run-ins with the big meatpackers, like Tyson and Perdue. But more recently, Open Markets has become especially focused on the tech industry. The Silicon Valley behemoths, in this view, pose something of an existential threat not just to the economy but to democracy itself. "We see these institutions as incredible, powerful and very useful," said Stoller, "but as concentrations of power that are dangerous."

The argument runs like this: By exerting such near-total dominance of their own channels—Google in search, Amazon in e-commerce, Facebook in social sharing—the tech firms have become 21st century

informational gatekeepers, controlling unprecedented quantities of data and building giant—if unseen—entry barriers that make it impossible for anyone to challenge them. But because these dangers are posed by companies offering consumers totally free services, or very low prices, they fly under the radar of current antitrust policy.

Asked about Lynn's theory that they constitute new monopolies, Amazon and Facebook declined to comment for this story. Google did not comment on that issue, but on the topic of the New America departure said: “We support hundreds of organizations that promote a free and open Internet, greater access to information, and increased opportunity. We don't agree with every group 100% of the time, and while we sometimes respectfully disagree, we respect each group’s independence, personnel decisions, and policy perspectives.”

**IT WOULD BE** an understatement to say that this view is unpopular among antitrust lawyers. On both sides of the aisle, support for the Bork consumer welfare framework remains almost unanimous. Even those who favor stronger antitrust enforcement simply say the consumer welfare framework has been *misapplied*. It shouldn't be trashed altogether.

“The consumer welfare standard is a much more encompassing standard than some people realize,” said Diana Moss, president of the American Antitrust Institute, who has long advocated tougher enforcement. “It isn't just about price. We just need rigorous, creative, proactive enforcement.”

For this story I called a number of former officials at the Federal Trade Commission and the Department of Justice, the two agencies chiefly responsible for antitrust enforcement. Nearly all declined to speak to me on the record but were happy to privately criticize the new antitrust movement. In part, their concerns are pragmatic: Many critics believe the Bork revolution created a predictable enforcement regime on which both regulators and corporations could rely; by not overregulating, it unlocked efficiency-enhancing corporate deals that would have previously been blocked. They expressed skepticism about how the FTC or DOJ would actually evaluate merger proposals under the looser framework favored by the new antitrust movement. Empowering unelected staff attorneys to recommend enforcement actions for political reasons, critics say, is dangerous. And even if regulators adopted such a system, they would get laughed out of court.

As for the big tech firms, antitrust lawyers argue that “competition is just a click away” for online firms; unlike launching a new airline or railroad, it requires little capital or physical infrastructure to create a new search engine or social media platform. “At a moment when there are actual harms creating pocketbook issues for consumers across the economy,” said Abigail Slater, general counsel of the Internet Association and a former FTC attorney, “it is disappointing that so much time and attention is being paid to the internet, which has a storied track record of lowering transaction costs for consumers and providing people with high-quality services for free.”

Lynn, Stoller and their allies have even acquired the disparaging nickname “hipster antitrust,” which was [coined on Twitter](#) by law professor Joshua Wright and was used by Senator Orrin Hatch on the Senate floor in late July in a [speech](#) critical of the new antitrust movement. “Nobody would mistake me for a hipster,” Hatch concluded.

There is some evidence that antitrust enforcement has been too lax in recent decades. Academic papers have found [growing concentration](#) across industries and have linked that concentration to [increased markups](#), [increased corporate profits](#) and [decreased investment](#), leading even some Republicans to support tougher enforcement, most prominently Senator Mike Lee. But when I asked his office about the new antitrust movement, a senior Lee aide pushed back. “There's momentum in some quarters on the left to revise how we do antitrust and to use it to shape markets to better fit certain people's aesthetic preferences,” the aide said. “If we follow through on those ideas, it will hurt consumers and will hurt American businesses.”

Lynn and his team respond that the problem with the current antitrust regime has less to do with its processes and more to do with its goals. Before the Bork revolution, Stoller explained, the government used a range of tools to measure and combat monopolies, and the system worked perfectly well. “Antitrust is complicated,” he said, “but there’s no magic here.”

More to the point, Lynn doesn’t care that much whether antitrust lawyers are convinced of their ideas. “Our goal is to change the way policymakers see the world,” he said. “Once policymakers signal they want policy to go in a different direction, the technocrats will learn the new ways. Or they will leave and go back to their farms.”

**OVER THE PAST** two years, Open Markets’ influence has grown quickly: The Obama administration [warned](#) last year about corporate concentration; Hillary Clinton issued a fact sheet calling for aggressive enforcement of antitrust laws; Democrats adopted an antitrust plank in their 2016 platform; and Democrats prioritized antitrust in their “Better Deal” agenda. Open Markets has been involved in all these plans.

Open Markets doesn’t operate like a typical Washington think tank, spitting out an endless supply of white papers and policy memos and jamming them into the hands of congressional aides. In fact, it publishes very few papers at all. Instead, it focuses on conducting original research and writing articles for mainstream publications (including [POLITICO](#), where Khan argued for significant reforms to the FTC). “With a few exceptions, there’s no reason to write up a policy paper and then convince a journalist to mention it someplace,” Lynn said. “We can vertically integrate and do the writing ourselves.” The Washington Monthly, a left-leaning magazine founded in 1969, has become a frequent place to find work by Open Markets scholars; recent stories have focused on concentration in the [airline](#) and [poultry](#) industries and blamed monopolies for [the decline in black-owned businesses](#) and [the rise in regional inequality](#).

Lynn has also proven adept at managing and developing outside relationships, building a movement that extends beyond Washington. Joe Maxwell, a former lieutenant governor of Missouri and executive director of the Organization for Competitive Markets, which focuses on antitrust and trade policy in the agricultural industry, first met Lynn a decade ago at the OCM’s annual convention. Antitrust looms large in the agricultural world, in which many industries are dominated by a couple of major companies. Lynn has worked hard at building relationships with farmers like Maxwell and, importantly, bringing them together to form a more powerful political force. “The central conduit was Barry Lynn,” said Maxwell. “We discovered that there were more and more of us who thought the same way.”

In early 2016, Lynn and a few colleagues had dinner with Senator Elizabeth Warren, who had read some stories by Open Markets scholars and wanted to learn more about rising corporate concentration and the new antitrust movement. Soon after, a Warren aide contacted Lynn to say that the Massachusetts senator wanted to give a speech on antitrust. That [speech](#), held in June and sponsored by Open Markets, marked a pivotal moment for the antitrust movement. “I love markets,” Warren exclaimed to a packed room. “Strong, healthy markets are the key to a strong, healthy America.” She went on to refute the Bork framework on antitrust and lamented that “competition is dying.”

In a speech in October, Hillary Clinton delivered her own criticism of rising concentration and released a fact sheet on antitrust. Amid the numerous distractions in the presidential election, Clinton’s commitment to stronger antitrust enforcement went largely unnoticed. But to the Open Markets team the message was clear: Mainstream Democrats had finally awoken to the problems of rising corporate concentration. It had been nearly two decades since the earthquake struck Taiwan and launched Lynn’s interest in antitrust, but finally Washington was listening.

But as Open Markets has begun to name names and push the envelope on what kinds of companies should count as a monopoly, it has run into some of the most powerful groups in Washington. During the drafting of the antitrust plank of the Democratic platform, Lynn and his colleagues pushed for language that would have directly targeted major technology companies, such as Amazon, Facebook and Google. But each time they added that language to the platform, it would get removed; ultimately, it was dropped altogether. Likewise, the Democrats’ “Better Deal” agenda called out the airline, beer and eyeglasses industries—but it doesn’t mention the tech industry.

Lynn is still thrilled with the platform and “Better Deal” agenda; that antitrust policy has become a top priority for the Democrats is clearly a big victory for him. But the refusal to target the big tech firms is the clearest signal that Democrats aren’t ready to jettison the consumer welfare framework and haven’t yet totally bought into Open Markets’ philosophy.

“They’ve made a major step forward,” Lynn said. “[But] the difference is bigger than they realize.”

“We’ve seen that academic thinking can filter into policymaking. That’s what Bork did,” said Representative Khanna. “My hope is that Lina Khan’s work will reorient antitrust to a concern on jobs and communities and concentration of power and move away from an absolutism about consumer prices.”

To the new antitrust movement, the tech firms are something of a litmus test for the Democratic Party’s commitment to the Brandeis and Jeffersonian vision of antitrust policy. To Stoller and Lynn, Obama clearly failed that test. The Obama administration largely embraced the tech companies, with a revolving door to the industry: Numerous tech workers, [especially from Google](#), temporarily joined the administration. Obama campaign manager David Plouffe left politics to become Uber’s top lobbyist, and now has a senior role at the private foundation of Facebook founder Mark Zuckerberg. More broadly, Democrats draw on Silicon Valley both for money and expertise. If Democrats were really to target these firms—by calling for utility-like regulation, for instance—the political consequences could be severe.

Philosophically, it's hard for the Democrats to let go of the centrist dream of the 1990s, one that Bill Clinton rode to such success—that good technocratic governance is perfectly compatible with staying friendly to big global corporations. That technocratic approach achieved a lot of good, Democrats argue, and blowing it up—whether for the sake of principle, or to chase a new populist coalition—is unnecessarily risky. And it may not be a turnkey solution to today's economic problems and the party's political issues. “Antitrust is a critical part of this,” said Neera Tanden, the former Obama adviser who now runs the Center for American Progress. “It's not the only issue that progressives need to address.”

For Open Markets, this philosophy is not just about antitrust. It's about structuring markets to promote competition. Stoller draws a direct line from the Bork revolution to the election of Donald Trump. Rising concentration, in this view, has led to a litany of economic and social ills, enabling corporations to amass huge amounts of power over working Americans and fostering a deep-seated anger at the political establishment. “The New Dealers were very worried about autocracy and financial autocracy,” he said. “They would've understood that Trump is a result of a society that has lost control of its ability to manage its commercial institutions.”

He added, “We're trying to bring this tradition back.”

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[The Agenda](#)

By [DANNY VINIK](#)

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President Donald Trump’s unexpected dalliance with the other party continued this week as he appeared—maybe—to agree with the Democratic leadership over the so-called Dreamers brought to the U.S. as children. He also met with moderate Democrats about tax reform, even saying the rich won’t benefit “at all” from his plan.

But despite all the news attention, nothing actually happened on those fronts. What did happen took place in the background—and despite the ideological anxiety Republicans may be feeling toward those headline meetings, there’s not much doubt about the direction his administration is taking on real-world policy. This week, the push to roll back Obama-era rules continued—from new business-friendly guidelines on driverless cars to regulatory rollbacks at the Environmental Protection Bureau and Department of Labor. Here’s how Trump changed policy this week:

### **1. DHS suspends some visas for four countries**

When the government orders someone deported from the U.S., that deportation doesn’t just happen automatically. It requires approval from the receiving country; the U.S. generally can’t just leave people in other countries. Most countries routinely approve such removal orders, but about a dozen countries are uncooperative, preventing the U.S. from actually deporting those individuals.

On Wednesday, the Trump administration took its first step to force greater cooperation when it [imposed visa sanctions](#) on four especially recalcitrant countries—Cambodia, Eritrea, Guinea and Sierra Leone. “These four countries have not established reliable processes for issuing travel documents to their nationals ordered removed from the United States,” the Department of Homeland Security said. According to DHS numbers, the government has been unable to remove around 700 Eritrean, 1,900 Cambodian, 2,100 Guinean and 800 Sierra Leone nationals. The sanctions vary for each country. For instance, senior Cambodian diplomatic officials and their families will be unable to get a B visa, which allows temporary entry into the U.S. for business or pleasure. In Eritrea, no one can get a B visa.

The move is just the latest front of Trump’s immigration crackdown, and follows on his [January executive order](#) in which he directed DHS and the State Department to enter negotiations with such “recalcitrant countries”—and, if those negotiations fail, enforce sanctions.

### **2. The first Trump-era guidelines on driverless cars**

Last September, the Obama administration issued the [first guidelines](#) on driverless cars, recommending industrywide standards to support the growth of the burgeoning industry. The guidelines, which were nonbinding, requested that automakers submit to a 15-point “safety assessment,” touching on everything from the testing of driverless vehicles to the prevention of vehicle hacking.

On Tuesday, the Trump administration issued the [first update to those guidelines](#), replacing the 15-point safety assessment with 12 “safety elements” that touch on many of the same issues. Consumer groups and industry officials said the plan was more industry-friendly, with significant emphasis on the voluntary nature of the guidelines. (The word “voluntary” appears 57 times in the 36-page document, compared with just five times in the original 116-page guidelines.) Critics said that the plan effectively

imposes no rules on automakers, while industry officials said the light regulatory touch is essential to continued technological improvement.

This is just the beginning of what's likely to be a long drama over federal driverless-car policy; both the House and Senate are considering legislation that would enable greater federal oversight over the industry, which, in some instances, actually wants the rules to avoid a patchwork of state laws. Expect more in the months and years ahead.

### **3. EPA's regulatory roll back continues**

Another week brought more regulatory rollbacks at the Environmental Protection Agency.

On Wednesday, the EPA [delayed](#) for two years parts of an Obama-era rule limiting the dumping of toxic metals, like mercury, from coal-fired water plants. The delay affects two provisions of the 2015 rule, relating to specific waste products, while allowing the remainder of the rule to take effect as planned. The news wasn't exactly a surprise, as EPA Administrator Scott Pruitt has previously said the agency intended to change parts of the rule. He now has plenty of time to do so.

Also on Wednesday, Pruitt sent a [letter](#) to industry officials—released on Thursday by the environmental group Earthjustice—saying that the EPA would “reconsider” another Obama-era rule, issued in 2015, that set standards for the disposal of “coal ash,” which is a byproduct from burning coal. That rule was the first national standard on coal ash disposal and also imposed new inspection rules to prevent leaks or spills. A formal reconsideration process doesn't necessarily mean that the agency will change the coal ash rule, but it gives them the opportunity to do so. Any changes would have to go through the full rule-making process, including notice and comment.

### **4. Trump blocks the Chinese purchase of a U.S. company**

For years, Chinese companies have been on a buying spree in America, investing around \$45 billion in U.S. companies in 2016, according to [one estimate](#). The surge in investment has raised questions about Beijing's ultimate aim and has focused renewed attention on the agency that reviews foreign investments for national security risks, the Committee on Foreign Investment in the United States.

On Wednesday, the Trump administration made its first big statement about Chinese investment when it [blocked](#) the acquisition of a U.S.-based semiconductor company, Lattice Semiconductor Corp., by a Chinese venture capital fund. The move came after CFIUS, which is chaired by Treasury Secretary Steven Mnuchin, recommended that the administration block the sale. The White House immediately blasted out a statement on the deal, using its bully pulpit to gain extra attention. It's a sign that Trump intends to be vigilant about Chinese investment in American companies, which should delight experts who [have called](#) for a more comprehensive and wide-ranging approach to U.S. policy on China.

### **5. Labor Department makes two moves**

This week, the Department of Labor took two moves, one that actually continued to uphold an Obama-era rule and another that pushed one back.

The first was Obama's 2014 executive order that established a minimum wage for federal contractors. Under that order, federal contractors and subcontractors were required to pay their workers \$10.10 per hour, starting in 2015. Trump could rescind that order with the stroke of a pen—but he hasn't. That was made clear this week when the Labor Department [issued a notice](#) that the contractor minimum wage would rise to \$10.35 next year, an annual inflation update required under the order. It's unclear how many contractors are affected by the order; in fact, there isn't an exact estimate for how many federal contractors are used by the government. But the Obama administration estimated it was hundreds of thousands.

Also this week, the Mine Safety and Health Administration, within the DOL, [delayed](#) a rule regarding workplace examinations of metal and nonmetal mines. MSHA had already delayed the rule, which was finalized on Jan. 23 and initially set to take effect on May 23. It was first delayed until Oct. 2; the new proposed rule would extend that deadline until March 2, 2018. The agency also [proposed](#) changes to the rule regarding when daily inspections must take place and exempting from the examination record any safety or health problems that are quickly corrected.

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