

More Facebook Leaks, The Problem With Groups, The Substack Moment

11-14 minutes

Good morning,

Casey Newton, who writes the excellent [The Interface](#) newsletter about social media companies, which [I have recommended previously](#), had a couple of announcements yesterday. First:

Second:

I am happy for Newton, excited about his new initiative, and have already signed up. And, appropriately enough, have effectively given him editorial control of today's Daily Update content!

On to the update:

More Facebook Leaks

From Newton, at [The Verge](#):

To the outside world, depending on your point of view, Facebook is a hugely popular social network, a dangerous incubator of right-wing conspiracy theories and hoaxes, or a censorious liberal arm of the Democratic Party. But as that July meeting revealed, in some ways, Facebook is a tech company like any other. Its more than 50,000 employees care about fighting misinformation and protecting against election interference, sure. But also — what's going on with the snacks?

At another company, the CEO might have ignored such a question from his workforce or declined to take it at all. But almost since the founding of Facebook, Zuckerberg has invited employees to submit questions each week and live-streamed answers to the 10 or so that get the most votes as part of a weekly all-hands meeting. The practice was borrowed from Google, where co-founders Larry Page and Sergey Brin instituted the tradition at the Friday afternoon town hall meetings known as TGIF.

Between May and August, The Verge obtained 16 audio recordings and dozens of internal posts and screenshots from meetings and groups at Facebook from employees. The recordings include the company's weekly Q&As, "FYI Live" sessions in which top executives discussed a civil rights audit and preview the summer's congressional antitrust hearing, and talks by top executives highlighting the work their teams are doing.

The story is well-done, and worth a read; I would add a few observations:

First, [as I have noted](#), the fact that [Facebook employees are leaking](#) these sessions is notable in-and-of itself. As Newton notes in the article, Google ended its town halls

because of leaking, but Facebook has pressed on. I think it's a good move by Zuckerberg: culture maintenance should absolutely be top of mind, and frankly...

I think Zuckerberg comes out of this article looking quite good. He seems very thoughtful and far more aware of the bigger picture than his employees; I thought this bit on the politics of Facebook's employee base was interesting:

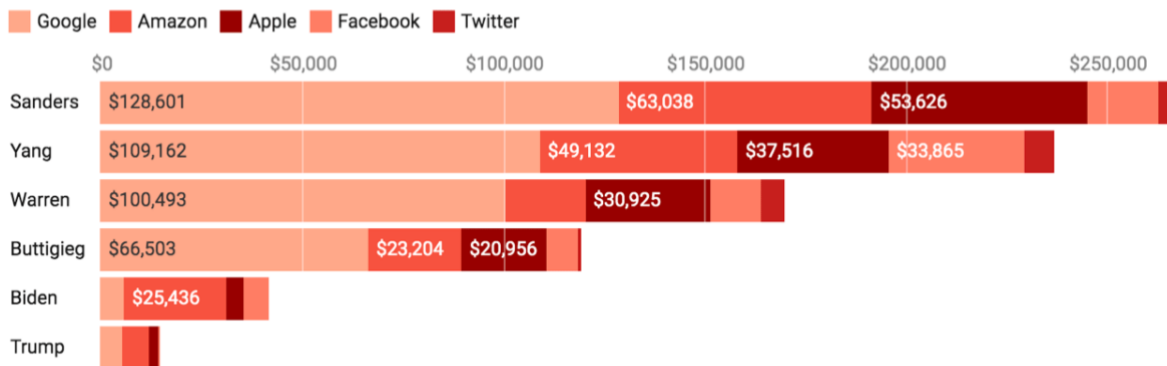
The controversy over Kaplan highlighted a growing and seemingly intractable gap within Facebook — between the values of its more progressive workforce and those of its user base at large.

“One of the things that we talk about a little bit less inside the company is that ... the community we serve tends to be, on average, ideologically a little bit more conservative than our employee base,” Zuckerberg said. “Maybe ‘a little’ is an understatement. ... If we want to actually do a good job of serving people, [we have to take] into account that there are different views on different things, and that if someone disagrees with a view, that doesn't necessarily mean that they're hateful or have bad intent.”

For Zuckerberg, the conservatism of his American user base had become more than a source of friction with his employees — it had also become a customer service issue. The No. 1 complaint that Facebook receives from its users is that the company removes too many of their posts, he said, for reasons that they often interpret as being politically motivated.

“A little” is indeed an understatement: Recode added up donations from tech employees to presidential candidates in Q4 2019, and while Trump was in last place; what is just as notable is who was second-to-last:

Tech employee donations to presidential candidates, Q4 2019



Source: GovPredict analysis of Federal Election Commission data

recode BY Vox

Facebook specifically did have a different top candidate:

Tech employee donations to presidential candidates, Q4 2019

	Google	Amazon	Apple	Facebook	Twitter
Sanders	\$128,601	\$63,038	\$53,626	\$17,574	\$3,909
Yang	\$109,162	\$49,132	\$37,516	\$33,865	\$7,416
Warren	\$100,493	\$19,952	\$30,925	\$12,665	\$5,773
Buttigieg	\$66,503	\$23,204	\$20,956	\$8,005	\$525
Biden	\$5,874	\$25,436	\$4,051	\$6,265	
Trump	\$5,374	\$6,723	\$2,177	\$354	

Source: GovPredict analysis of Federal Election Commission data

recode BY Vox

Still, the bottom two were the same, and while Trump is not a surprise — it is widely known that tech employees in Silicon Valley are predominantly Democrats — donations certainly suggest that tech employees are not only to the left of Republicans but also most Democrats, who ended up choosing Biden in the primary.

This, then, is a place where, at least from a shareholder perspective, Zuckerberg's total control is an asset. While few tech companies are particularly beholden to shareholders, most are much more sensitive to employee pressure, but Zuckerberg has the freedom to ignore that as well and do what he deems best for the company with the largest social networks in the world.

The Problem With Groups

That, though, is why this bit was so concerning to me:

An engineer who worked on groups told me they found the group recommendation algorithm to be the single scariest feature of the platform — the darkest manifestation, they said, of data winning arguments.

“They try to give you a mix of things you’re part of and not part of, but the aspect of the algorithm that recommends groups that are similar to the one that you’re part of are really dangerous,” the engineer said. “That’s where the bubble generation begins. A user enters one group, and Facebook essentially pigeonholes them into a lifestyle that they can never really get out of.”

Zuckerberg announced Facebook's focus on groups in a 2017 post entitled [Building Global Community](#); by all accounts the initiative has been a tremendous success, both driving engagement and reducing churn for the core Facebook app. What has always been so concerning to me, though, is the implied assumption that community is inherently good. I noted in [a Daily Update about Child Sexual Abuse Material](#):

On the Internet, though, there is, to use Zuckerberg's favorite word, a “community” for everything, including white nationalism, terrorist movements broadly, or child sexual abuse material. Suddenly horrific desires or beliefs are not so taboo, rather they are affirmed and celebrated. One of the websites discussed in the New York Times article was called “Love Zone” for goodness sake! This is what I meant above when I said the Internet is “a fundamentally more dangerous medium”; the ability to build global communities unconstrained by geography — or, by extension, by social mores — is a terrifying proposition.

This applies to groups broadly: the concept is an amoral one, capable of both good and bad, which is why my biggest concern about Zuckerberg has not been that he would act

maliciously, but that he was reaching for utopia. I wrote after that 2017 post in [Manifestos and Monopolies](#):

It all sounds so benign, and given Zuckerberg's framing of the disintegration of institutions that held society together, helpful, even. And one can even argue that just as the industrial revolution shifted political power from localized fiefdoms and cities to centralized nation-states, the Internet revolution will, perhaps, require a shift in political power to global entities. That seems to be Zuckerberg's position:

Our greatest opportunities are now global — like spreading prosperity and freedom, promoting peace and understanding, lifting people out of poverty, and accelerating science. Our greatest challenges also need global responses — like ending terrorism, fighting climate change, and preventing pandemics. Progress now requires humanity coming together not just as cities or nations, but also as a global community.

There's just one problem: first, Zuckerberg may be wrong; it's just as plausible to argue that the ultimate end-state of the Internet Revolution is [a devolution of power to smaller more responsive self-selected entities](#). And, even if Zuckerberg is right, is there anyone who believes that a private company run by an unaccountable all-powerful person that tracks your every move for the purpose of selling advertising is the best possible form said global governance should take?

This, then, is the flipside of Zuckerberg having no accountability: the chance he is getting it wrong, and that there is nothing anyone can do about it. At least, though, we will have Newton covering it full time!

The Substack Moment

From the [New York Times](#):

Casey Newton recently announced that he was leaving The Verge, the website where he has covered the tech industry since 2013, to write a subscription newsletter hosted by Substack, a three-year-old platform that is growing in popularity. Mr. Newton is joining the ranks of journalists who have left the relative comfort of an established publication to try their luck at Substack, including the culture writer Anne Helen Petersen and the political writer Matt Taibbi.

As [I quipped on Twitter](#), it appears it took about 6.5 years after Stratechery launched the Daily Update for the inevitable New York Times trend piece on newsletters-as-businesses to appear, and credit to Substack for basically becoming synonymous with the model; the fact the company had the resources and product to seize this moment strongly suggests the money the company raised [last summer](#) was worth it ([I wasn't so sure](#), although my concerns about long term market size are still an open question).

That noted, I thought there were three points worth making in reaction to the *New York Times* piece, Newton's move, and the overall wave of newsletters:

First, the *New York Times* piece noted:

For all the editorial freedom and entrepreneurial opportunities it offers, Substack exists at a remove from the internet. Journalists who go the subscription route end up writing mainly for their fans, instead of tossing their

work into the web, where it can be praised or torn apart by a wide variety of readers.

I think this is more of a Substack problem than a subscription problem; speaking for myself, from the beginning I have thought of Stratechery first and foremost as a website, accessible to and shareable by anyone, in part because I had no choice: I had no pre-existing audience to convert to an email. I suspect, though, that has helped Stratechery gain some measure of impact beyond my subscriber base, with whom I have always been clear that the Daily Update is in addition to the free Articles that are read much more widely. Substack, on the other hand, feels like an email-first product, with the web as an afterthought.

That leads to my second point, which was contained in this Twitter interaction:

Just because this model works for stars like Newton doesn't mean it is exclusive to folks who could easily have jobs with traditional media companies. Indeed, I expect the greatest societal benefits from this model to be the emergence of more and more creators whose voices would have never been heard previously.

Finally, it's important to note that while Substack does appear to be giving Newton some support (which he hardly needs — I strongly suspect his subscriber base after 24 hours is already sustainably large), the overall economics of the business look a lot like Shopify, about which I wrote in [Shopify and the Power of Platforms](#):

To that end, I would argue that for Shopify a high churn rate is just as much a positive signal as it is a negative one: the easier it is to start an e-commerce business on the platform, the more failures there will be. And, at the same time, the greater likelihood there will be of capturing and supporting successes.

The reality is that just because a newsletter-as-a-business is *possible*, it does not follow that building a successful business is *probable*, which means that the more businesses Substack enables the more failures it should expect. That, though, is in broad strokes a good thing, as long as Substack stays focused on capturing the next Newton that nobody knows about, and helping them grow, not simply providing an ultimately commoditizable email solution for folks who would succeed anywhere.

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