The internet

Who's afraid of Google?
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The world's internet superpower faces testing times

RARELY if ever has a company risen so fast in so many ways as Google, the world's most popular search engine. This is true by just about any measure: the growth in its market value and revenues; the number of people clicking in search of news, the nearest pizza parlour or a satellite image of their neighbour's garden; the volume of its advertisers; or the number of its lawyers and lobbyists.

Such an ascent is enough to evoke concerns—both paranoid and justified. The list of constituencies that hate or fear Google grows by the week. Television networks, book publishers and newspaper owners feel that Google has grown by using their content without paying for it. Telecoms firms such as America's AT&T and Verizon are miffed that Google prospers, in their eyes, by free-riding on the bandwidth that they provide; and it is about to bid against them in a forthcoming auction for radio spectrum. Many small firms hate Google because they relied on exploiting its search formulas to win prime positions in its rankings, but dropped to the internet's equivalent of Hades after Google tweaked these algorithms.

And now come the politicians. Libertarians dislike Google's deal with China's censors. Conservatives moan about its uncensored videos. But the big new fear is to do with the privacy of its users. Google's business model (see article) assumes that people will entrust it with ever more information about their lives, to be stored in the company's "cloud" of remote computers. These data begin with the logs of a user's searches (in effect, a record of his interests) and his responses to advertisements. Often they extend to the user's e-mail, calendar, contacts, documents, spreadsheets, photos and videos. They could soon include even the user's medical records and precise location (determined from his mobile phone).

More JP Morgan than Bill Gates

Google is often compared to Microsoft (another enemy, incidentally); but its evolution is actually closer to that of the banking industry. Just as financial institutions grew to become repositories of people's money, and thus guardians of private information about their finances, Google is now turning into a
custodian of a far wider and more intimate range of information about individuals. Yes, this applies also to rivals such as Yahoo! and Microsoft. But Google, through the sheer speed with which it accumulates the treasure of information, will be the one to test the limits of what society can tolerate.

It does not help that Google is often seen as arrogant. Granted, this complaint often comes from sour-grapes rivals. But many others are put off by Google's cocksure assertion of its own holiness, as if it merited unquestioning trust. This after all is the firm that chose "Don't be evil" as its corporate motto and that explicitly intones that its goal is "not to make money", as its boss, Eric Schmidt, puts it, but "to change the world". Its ownership structure is set up to protect that vision.

Ironically, there is something rather cloudlike about the multiple complaints surrounding Google. The issues are best parted into two cumuli: a set of "public" arguments about how to regulate Google; and a set of "private" ones for Google's managers, to do with the strategy the firm needs to get through the coming storm. On both counts, Google—contrary to its own propaganda—is much better judged as being just like any other "evil" money-grabbing company.

**Grab the money**

That is because, from the public point of view, the main contribution of all companies to society comes from making profits, not giving things away. Google is a good example of this. Its "goodness" stems less from all that guff about corporate altruism than from Adam Smith's invisible hand. It provides a service that others find very useful—namely helping people to find information (at no charge) and letting advertisers promote their wares to those people in a finely targeted way.

Given this, the onus of proof is with Google's would-be prosecutors to prove it is doing something wrong. On antitrust, the price that Google charges its advertisers is set by auction, so its monopolistic clout is limited; and it has yet to use its dominance in one market to muscle into others in the way Microsoft did. The same presumption of innocence goes for copyright and privacy. Google's book-search product, for instance, arguably helps rather than hurts publishers and authors by rescuing books from obscurity and encouraging readers to buy copyrighted works. And, despite Big Brotherish talk about knowing what choices people will be making tomorrow, Google has not betrayed the trust of its users over their privacy. If anything, it has been better than its rivals in standing up to prying governments in both America and China.

That said, conflicts of interest will become inevitable—especially with privacy. Google in effect controls a dial that, as it sells ever more services to you, could move in two directions. Set to one side, Google could voluntarily destroy very quickly any user data that it collects. That would assure privacy, but it would limit Google's profits from selling to advertisers information about what you are doing, and make those services less useful. If the dial is set to the other side and Google hangs on to the information, the services will be more useful, but some dreadful intrusions into privacy could occur.

The answer, as with banks in the past, must lie somewhere in the middle; and the right point for the dial is likely to change, as circumstances change. That will be the main public interest in Google. But, as the bankers (and Bill Gates) can attest, public scrutiny also creates a private challenge for Google's managers: how should they present their case?

One obvious strategy is to allay concerns over Google's trustworthiness by becoming more transparent and opening up more of its processes and plans to scrutiny. But it also needs a deeper change of heart. Pretending that, just because your founders are nice young men and you give away lots of services, society has no right to question your motives no longer seems sensible. Google is a capitalist tool—and a useful one. Better, surely, to face the coming storm on that foundation, than on a trite slogan that could be your undoing.