

Business ethics of google in china

[Business](#), [Company](#)



“ The Great Firewall” Prepared by Kristina Wilson, Yaneli Ramos, and Daniel Harvey under the supervision of Professor Wayne Norman (edited by Professor Chris MacDonald) In early 2006, search-engine giant Google struck a deal with the People’s Republic of China and launched Google. cn, a version of its search engine run by the company from within China. Launching Google. cn required Google to operate as an official Internet Service Provider (ISP) in China, a country whose Communist government requires all ISPs to self-censor, removing content that is considered illegal from search results.

From a financial perspective, China represented for Google a dynamic and fast-growing, though increasingly competitive, market. Google’s decision to self-censor Google. cn attracted significant ethical criticism at the time. The company’s motto is “ Don’t Be Evil,” and prior to entering China, Google had successfully set itself apart from other technology giants, becoming a company trusted by millions of users to protect and store their personal information. The choice to accept self-censorship, and the discussion and debate generated by this choice, forced Google to re-examine itself as a company and forced the international community to reconsider the implications of censorship. This case was prepared as the basis for class discussion rather than to illustrate either the effective or ineffective handling of an administrative situation. This work is licensed under the Creative Commons Attribution - Noncommercial - No Derivative Works 3.

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Ethics dukeethics. org “ While removing search results is inconsistent with Google’s mission, providing no information (or a heavily degraded user experience that amounts to no information) is more inconsistent with our mission.

” - Google senior policy counsel Andrew McLaughlin. ” 1 Introduction In early 2006, search-engine giant Google struck a deal with the People’s Republic of China and launched Google. cn, a version of its search engine run by the company from within China. Launching Google. cn required Google to operate as an official Internet Service Provider (ISP) in China, a country whose Communist government requires all ISPs to self-censor, removing content that is considered illegal from search results. Such censored content ranges from political subjects such as “ democracy” and “ Tibet,” to religious subjects such as “ Falun Gong” (a spiritual movement banned by the government) and “ the Dalai Lama,” to social subjects like “ pornography. By choosing to launch Google.

cn, Google seemed to be implying that its mission and values could be consistent with self-censorship in China. From a financial perspective, China represented for Google a dynamic and fast-growing, though increasingly competitive, market. With over 105 million users online in early 2006, China’s Internet market was the second in size only to that of the United States, but it still represented only about 8% of the Chinese population. Though Google’s U. S. -based site, Google. com, had been available in China since the site’s inception in 1999, service was slow and unreliable due to extensive Chinese government censoring of international content.

Google's major U. S. competitors, Yahoo! and Microsoft MSN, had each entered the Chinese market as ISPs years earlier, agreeing to self-censor. In addition, escalating competition from Chinese search engine Baidu. com was quickly eroding Google. com's Chinese market share: between 2002 and 2007, Baidu. com's market share increased from a mere 3%² to a dominant 58%.

Google's decision to self-censor Google. cn attracted significant ethical criticism at the time. The company's motto is " Don't Be Evil," and prior to entering China, Google had successfully set itself apart from other technology giants, becoming a company trusted by millions of users to protect and store their personal information. However, in early 2006, Google found itself in front of the Committee on International Relations of the U. S. House of Representatives, defending its actions in China side by side with Microsoft, Yahoo! , and Cisco Systems. Google's choice to accept self-censorship, and the discussion and debate generated by this choice, forced Google to reexamine itself as a company and forced the international community to reconsider the implications of censorship.

Google and its Mission History and Services⁴ Google is the world's largest search engine. Founded in 1998 by Larry Page and Sergey Brin, two Stanford graduate students, Google began as a college research project. While at Stanford, the founders created an innovative technology that would analyze webpages and retrieve the most pertinent information for any given search query. ^{2 3 4} Oliver, C & Shinal, J. " Google will censor new China service". MarketWatch. (January 25, 2006).

Thompson, C. “ Google’s China Problem (And China’s Google Problem)”.
The New York Times Magazine (April 23, 2006): LexisNexis. Duke University
Library. 6 Nov. 2007. Liu, J.

“ Baidu and Google at logger heads in China; Business Asia by Bloomberg”.
International Herald Tribune (July 26, 2007): LexisNexis Duke University
Library. 6 Nov. 2007. “ Milestones”. Available from [www. google.](http://www.google.com)

com. Accessed on November 4, 2007. Case Studies in Ethics 2 ukeethics. org
Their innovation caught the attention of their classmates, and of others who
knew them, and later on of a few investors. After they generated suf? cient
capital from investors, family, and friends who saw potential in their idea,
they opened their ? rst of? ce in a garage in Menlo Park, California. This of?
ce had a washer and dryer and a hot tub that was emblematic of what today
continues to be Google’s laid-back corporateculture. Now the company has
moved into the “ Googleplex,” a much larger of? ce in Mountain View,
California.

As the company grew, so did its range of products and services. Today, not
only is Google a search engine, but it is also a mapping service, a translator,
an e-mail account, and a blog-hosting service, among many other services.
In fact, Google now has over 40 products and features on its website which
extend beyond its basic search engine, with many more in development. The
company has also expanded into many other countries and now hosts over
150 country website domains. It is continually growing and expanding and
has a solid position as the world’s #1 search engine. It was also named the
best company to work for in 2007 by Fortune magazine. Corporate Culture5

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Even though their company has expanded considerably, Larry Page and Sergey Brin have apparently managed to maintain some of the same personal, small-company feel that they started off with.

Likewise, despite the company's move into the Googleplex, it still seems to have kept a corporate culture that reflects its modest beginnings.

Employees do not work in cubicles; instead they work in an open space where dogs and large rubber exercise balls are free to roam. They have a health-conscious company chef and host bi-weekly rollerblade hockey games in the parking lot. The founders host weekly "TGIF" meetings and promote a laid-back culture. The purpose of this is to create an ideal setting for innovative ideas to flow freely. The informal atmosphere makes this possible. Google's internal structure is a standard corporate hierarchy, yet personnel try not to let hierarchy dominate their personal encounters.

Everyone performs tasks outside of their specialty and position whenever needed. Core Values and Mission⁶ Google's mission statement asserts that "Google's mission is to organize the world's information and make it universally accessible and useful."⁷ The core message under the company's code of conduct is that "being a Googler means holding yourself to the highest possible standard of ethical business conduct."⁸ The company wants to be able to save its users time and frustration by making the information that the user is looking for readily available, without having to sift through tons of useless information. Not only does Google want to provide fast and efficient service, but the company also wants to make its information available for everyone who has access to the internet; they want

their product to be “ universally accessible. ” Also, the company claims not to want to make ethical sacrifices just in order to increase value for shareholders. The company has made it a priority not to sell high placement in search results to anyone and to show only non-offensive ads that are relevant to the user’s search query.

5 6 7 8 “ The Google Culture”. Available from [www. google. com](http://www.google.com). Accessed on Nov. 4, 2007. “ OurPhilosophy”.

Available from [www. google. com](http://www.google.com). Accessed on Nov. 4, 2007. “ Company Overview”. Available from [www.](http://www.google.com)

[google. com](http://www.google.com). Accessed on Nov. 4, 2007. “ Google Code of Conduct”.

Available from [www. google.](http://www.google.com)

[com](http://www.google.com). Accessed on Nov. 4, 2007. Case Studies in Ethics 3 [dukeethics. org](http://dukeethics.org)
China, Censorship, and the Golden Shield Project History China has been playing a game of catch-up in recent years, attempting to modernize and become a larger player in the global market. As it attempted, and eventually succeeded in, entering the World Trade Organization, China was forced to open its markets to foreign companies, granting “ unprecedented access to the Chinese market. ” 9 During this period of increased foreign access, companies within China started demanding more advanced telecommunications, as well as modern infrastructure.

The Chinese government agreed that modernization was necessary, and so quickly began to finance this modernization, making the nation one of “ the world’s largest consumers of telecommunications equipment. 10 However,

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China's acquisition of more modern forms of information technology leads not only to increased trade and communication flow out of the country, but into the country as well. The flow of information into the country is what concerns China's Ministry of Public Security (hereafter referred to as MPS), whose responsibility statement says: The responsibilities of public security agencies in China include: the prevention, suppression and investigation of criminal activities; fight against terrorist activities; maintenance of social security and order; fight against behaviors jeopardizing social order . . . security and inspection of public information networks. 11 These responsibilities include policing the expression of certain ideas and the acquisition of sensitive information. As Collings notes, In February 1996, all private subscribers to Chinanet, the main Internet service provider, run by the state telecommunications monopoly, were required to register with the Public Security Bureau, provide the government with detailed personal information about themselves, and sign a pledge not to " read, copy or disseminate information that threatens state security.

. . . In addition to the state-run Chinanet, all Internet service providers were required to take steps to filter out anything deemed harmful. 12 As part of their effort to keep up with the more advanced information networks being put in place, " Chinese authorities are keen to acquire new technologies that will serve to increase their surveillance capabilities. " 13 As the new millennium began, the MPS started to implement these new technologies in its censorship activities, using them to restrict access to ideas and information that are outlawed in China. The Golden Shield Project In early 2000, the MPS introduced its new system, the Golden Shield project, which

aimed to use state-of-the-art technology as a means of more effectively policing the Chinese people.

Although this technology is used to monitor everything from video to voice to Internet traffic, controlling the flow of information over the Internet is the focus of this case. 9 Foreign Policy in Focus. <http://www.fpif.org/briefs/vol4/v4n38china.html>. Walton, G.

(2001). China's Golden Shield: Corporations and the Development of Surveillance Technology in the People's Republic of China. Canada: Rights and Democracy. Online: http://www.dd-rd.ca/site/_PDF/publications/globalization/CGS_ENG.PDF 11 Chinese Government's Official Web Portal.

http://www.gov.cn/english/2005-10/02/content_74192.htm. 12 Collings, A. Words of Fire. (New York: New York University Press, 2001).

187. 13 Walton, G. (2001). China's Golden Shield: Corporations and the Development of Surveillance Technology in the People's Republic of China. Canada: Rights and Democracy. 10 Case Studies in Ethics 4 dukeethics.org To control the information flowing over the Internet, the MPS has installed, not firewalls exactly, 14 but a content-filtering system that works similarly to parental control systems that can block out specific material.

A story in The New York Times Magazine describes the system this way: There are three main fiber-optic pipelines in China, giant underground cables that provide Internet access for the public and connect China to the rest of the Internet outside its borders. The Chinese government requires the

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private-sector companies that run these fiber-optic networks to specially configure “router” switches at the edge of the network, where signals cross into foreign countries. These routers – some of which are made by Cisco Systems, an American firm – serve as China’s new censors. 15 Once the “firewall” checks to see if the sites being searched are blacklisted or not, it next utilizes a “censorship system that uses a keyword blacklist and routers that reach deep into Internet traffic to find forbidden words or phrases” 16 on the sites being searched. This, combined with the fact that those in China know that all of their Internet activities are being monitored, instills fear of imprisonment and limits the influx of information that the Chinese government finds objectionable. 17 However, the system still only blocks out information coming from outside the country. Peer-to-peer and internal servers are able to avoid the filters.

Controversy has arisen because the Chinese government’s system fails to prevent access to all content they deem inappropriate. To tighten the net further, and prevent Chinese Internet users from accessing prohibited subject matter available on servers within the country, China has asked providers of Internet services with local outlets to remove contentious material and to censor their own customers. Additionally, “[f]or companies inside its borders, the government uses a broad array of penalties and threats to keep content clean.” 18 This is required of textmessaging services, search engines, and blogging sites and provides the ultimate way for the Chinese government to block content within the country without having to create more difficult-to-implement censorship systems. 19 Backing up all of these censorship mechanisms is the constant threat of

imprisonment or other hostile reaction to violations of the censorship laws. This fear keeps both Internet users and service providers vigilant in censoring their own actions within China. In some cases, Internet users even get very pointed reminders that their government is exercising control over their Web-surfing habits.

Consider the following official announcement: Starting today, when netizens visit all the main portals of Shenzhen city, Guangdong, they will see two cartoon figures “Junghing” and “Chacha” (Jing Cha = Police). The image of Shenzhen Internet Police will officially be online. From now on, when netizens visit websites and web forums of Shenzhen, they will see these two cartoon police images floating on their screen²⁰ (see Appendix III).^{14 15 16 17 18 19 20} Einhorn, B. “The Great Firewall of China”. BusinessWeek. (September 23, 2002): LexisNexis.

Duke University Library. 3 Nov. 2007. Thompson, C. “Google’s China Problem (And China’s Google Problem)”. The New York Times Magazine. (April 23, 2006).

“Toppling the Great Firewall of China.” eWeek. (September 12, 2007): NA. AcademicOneFile. Gale. Duke University Library - Perkins. 3 Nov.

2007. Ibid. Thompson, C. “Google’s China Problem (And China’s Google Problem)”. The New York Times Magazine. (April 23, 2006). Einhorn, B & Elgin, B.

“THE GREAT FIREWALL OF CHINA; How a vast security network and compliant multinationals keep the mainland’s Net under Beijing’s thumb”.

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BusinessWeek. (January. 23, 2006): LexisNexis. Duke University Library. 3 Nov. 2007.

Qiang, X. “ Image of Internet police: JingJing and Chacha online - Hong Yan (??)”. chinadigitaltimes. net. (January 22, 2006). Case Studies in Ethics 5 dukeethics. org Google’s Decision to Launch Google.

n The Internet Market in China According to Google’s 2006 projections, the Chinese internet market was expected to grow from 105 million users to 250 million users by 2010. Moreover, in early 2006 there were already 350 million mobile phones in use in China and that number was projected to grow by about 57 million annually. 21 Before choosing to launch Google. cn, Google was already a player in this Chinese market. Since the site’s inception in 1999, U. S. -based Google.

com had been available to Chinese users as it had been to users worldwide. Unlike its major U. S. competitors, though, Google did not rush to set up a China-based version of its search engine, and thus to acquiesce to government censorship regulations, as had Yahoo! in 1999, when it established Yahoo! China, 22 and Microsoft in 2005, with its establishment of MSN China. 23 Unlike its competitors, Google chose instead to create a version of its search engine capable of understanding character-based languages like Chinese, Japanese, and Korean, which it would run out of its California headquarters. With this U. S.

based version of Google. com, the company was able to control an estimated 25% of the Chinese search market by 2002 and to avoid Chinese

government censorship completely. 24 By the year 2002, Google. com's Chinese user base mainly consisted of white collar, pro-Western Chinese businesspeople. 25 However, in the fall of 2002, problems struck. Suddenly, in early September, computer users in China could not access Google. com.

The Chinese government had blocked access to the site, and users were instead diverted to rival Chinese search sites. 6 Two weeks later, it again became possible to access Google. com, but government censorship had been heightened, making the search engine far slower and less reliable. 27 Much speculation exists as to why China suddenly chose to shut down and then to stringently censor Google. com. Google Co-founder Sergey Brin and many technology professionals in China believe it was the result of an effort by a Chinese competitor, like the then-new search engine Baidu. com, to gain market share at Google's expense through pulling strings in the government.

8 The stoppage could also have been due to heightened Internet security in anticipation of a November 2002 shift in political leadership. 29 Whatever the cause, Google was left offering users in China a slow and less-than-satisfactory version of Google. com. Moreover, Baidu. com, now Google's chief rival in China, began to grow, blossoming from a 3% market share player in 2002³⁰ to a 63. 7% market share player in fall 2006, catering in large part to young users looking to download MP3 files. 31 Concurrently, Google dropped its market share from 25% in 2002 to 19.

% in 2006. 32 21 22 23 24 25 26 27 28 29 30 31 32 Schrage, E. , Vice President, Global Communications and Public Affairs, Google Inc. , “

Testimony of Google Inc. before the Subcommittee on Asia and the Pacific, and the Subcommittee on Africa, Global Human Rights, and International Operations. " (February 15, 2006). Amnesty International.

" Undermining Freedom of Expression in China: The role of Yahoo! , Microsoft, and Google". (July 2006). Kerner, S. M. " MSN China Opens its Doors". InternetNews. com.

(May 27, 2005). Thompson, C. Google's China Problem (And China's Google Problem)". The New York Times Magazine. (April 23, 2006). Ibid The New York Times. " Beijing Blocks Access to Google".

NYT Late Edition, East Coast. (September 4, 2002). Kahn, J. " China Seems to Re? ne Bid to Restrict Web Access. " The New York Times. (September 14, 2002). Thompson, C.

Kahn, J. " China Seems to Re? ne Bid to Restrict Web Access. " The New York Times. (September 14, 2002). Thompson, C. " Google's China Problem (And China's Google Problem). " The New York Times Magazine (April 23, 2006): LexisNexis.

Duke University Library. 6 Nov. 2007. Thompson, C. Fong, Mei. " Google Builds China ties; Software ? rm deal is part of a move into other services. " The Wall Street Journal.

(January 5, 2007). Case Studies in Ethics 6 dukeethics. org Making the Decision to Expand into China Given the commercial potential of the expanding Chinese market and Google's decrease in Chinese market share

between 2002 and 2006, it was imperative for Google to make decisions about whether to escalate operations in China at the price of having to self-censor. To begin the discussion, Google had to make the business opportunity clear. The case was put this way, in February 2006, by Elliot Schrage, Vice President, Global Communications and Public Affairs, Google Inc. : There is no question that, as a matter of business, we want to be active in China. It is a huge, rapidly growing, and enormously important market, and our key competitors are already there.

It would be disingenuous to say that we don't care about that because, of course, we do. We are a business with stockholders, and we want to prosper and grow in a highly competitive world. ³ However, since expanding into China would require Google to self-censor its content on behalf of the communist Chinese government, clearly more was at stake in this decision than potential commercial gain. Co-founder Sergey Brin was born in the Soviet Union and said that “ having felt that kind of oppression, I would never have wanted to compromise in that direction. ” ³⁴ In order to analyze the potential options, Google developed an analytical framework based on its corporate mission. In the words of Vice President Elliot Schrage: Google's objective is to make the world's information accessible to everyone, everywhere, all the time. It is a mission that expresses two fundamental commitments: (a) First, our business commitment to satisfy the interests of users, and by doing so to build a leading company in a highly competitive industry; and (b) Second, our policy conviction that expanding access to information to anyone who wants it will make our world a better, more informed, and freer place.

Some governments impose restrictions that make our mission difficult to achieve, and this is what we have encountered in China. In such a situation, we have to add to the balance a third fundamental commitment: (c) Be responsive to local conditions³⁵ To understand Google's decision, it is important to examine the nexus of user interests, the expansion of access to information, and unique local conditions in China. In terms of satisfying user interests, Google prides itself on providing a high-quality user experience. After the Chinese government's 2002 Internet censorship crackdown, the Google.com experience for a user in China was no longer of high quality. Google.com generated search results extremely slowly because, regardless of the terms searched, each search had to pass through the elaborate "Great Firewall of China" censoring system.

As a site hosted outside of China, and not within the Great Firewall itself, Google.com took a particularly long time to load search results, as compared to search engines hosted in-country like Baidu.com or Yahoo! China. Moreover, ^{33 34 35} Schrage, E. , Vice President, Global Communications and Public Affairs, Google Inc. " Testimony of Google Inc. before the Subcommittee on Asia and the Pacific, and the Subcommittee on Africa, Global Human Rights, and International Operations.

" (February 15, 2006). Brin, Sergey, quoted by Hannah Clark. " The Google Guys in Davos. " Forbes.com. (January 1, 2007). Schrage, E.

, Vice President, Global Communications and Public Affairs, Google Inc. , " Testimony of Google Inc. before the Subcommittee on Asia and the Pacific, and the Subcommittee on Africa, Global Human Rights, and International

Operations. ” (February 15, 2006). Bold text included by Mr. Schrage. Case Studies in Ethics 7 dukeethics.

org Chinese users found that Google. com was down over 10% of the time; Google News was never available; and Google Images was available only 50% of the time. 36 Another important concern related to user interests is the importance of user privacy. In early 2006, just as Google was planning to launch Google. cn, it became known that Yahoo! China had turned over private user e-mail data to the Chinese government and that this had led to the ten-year, eight-year, and four-year prison sentences of Chinese cyberdissidents Shi Tao, Li Zhi, and Jiang Lijun. In addition, Microsoft had recently shut down the blog of famous Chinese political blogger Michael Anti (a penname for Zhao Jing) at the request of the Chinese government. 37 Clearly any decision made by Google to enter China would have to take into account concerns about user privacy and government surveillance.

In terms of expanding access to information, it was Google’s position that due to the poor quality of Google. com for users in China after 2002, Google was in fact not providing the population of China with good access to information. As Google, Inc. Senior Policy Council Andrew McLaughlin put it: Filtering our search results clearly compromises our mission. Failing to offer Google search at all to a ? fth of the world’s population, however, does so far more severely. Whether our critics agree with our decision or not, due to the severe quality problems faced by users trying to access Google. com from within China, this is precisely the choice we believed we faced.

38 Finally, in terms of local conditions, it was important for Google to determine to what extent self-censoring would affect the company's search results. For users of Google.com in China, searches for censored subject matter, ranging from political subjects like "democracy" and "Tibet" to religious subjects like "Falun Gong" and "Dalai Lama" to social subjects like "pornography", would generate the same list of links as would be generated for a user based in the United States. However, if the user in China tried to open any censored links, either the user's browser would shut down or the user would be re-directed to a non-censored site. As noted earlier, the "Great Firewall of China" censorship system is complex and depends largely on intimidation and fear tactics to elicit vigorous self-censorship on both the corporate and the individual level. No official list of banned terms exists. Before launching Google.

cn, the company estimated that fewer than 2% of all search queries in China would result in pages that would have to be censored. 39 In early 2006, a study by the Berkman Center for Internet and Society at Harvard Law School shed light on the extent and effectiveness of China's censorship initiatives. According to the Center's study, the Chinese state was able to block 90% of websites about the "Tiananmen massacre," 31% of sites about independence movements in Tibet, and 82% of sites with a derogatory version of the name of former President Jiang Zemin. 40 This study serves to show that as of 2006, Chinese censorship was effective, though not total, and that information was available, though on a limited scale. 36 37 38 39 40 McLaughlin, A. Senior Policy Counsel, Google Inc. , "Google in China.

" The Official Google Blog. (January 27, 2006). Kristof, N. D. " China's Cyberdissidents and the Yahoos at Yahoo". The New York Times. (February 19, 2006) Kristof, N.

D. " China's Cyberdissidents and the Yahoos at Yahoo". The New York Times. (February 19, 2006) Schrage, E. , Vice President, Global Communications and Public Affairs, Google Inc. , " Testimony of Google Inc. before the Subcommittee on Asia and the Pacific, and the Subcommittee on Africa, Global Human Rights, and International Operations.

" (February 15, 2006). Bold text included by Mr. Schrage. Kristof, N. D. " China's Cyberdissidents and the Yahoos at Yahoo". The New York Times.

(February 19, 2006) Case Studies in Ethics & Business Ethics. org Google's Expansion into China After taking into account user interests, the expansion of access to information, and unique local conditions, Google decided to launch the self-censored Google. cn in January of 2006. In a move toward transparency that distinguishes it from competitors like Baidu. com, Yahoo! , and MSN, Google. cn provides users with a brief message indicating if any pages have been censored from their search results. The message does not inform users what specific pages have been censored; it simply lets them know that censorship has occurred.

The Washington Post printed a list of the words and phrases that seem to be censored by Google. cn, reporting that these words are the result of Google's research into what they needed to censor in order to fall under Chinese legal guidelines (see Appendix I). In addition to Google. cn, Google has kept

Google. com available to users in China, despite its limited ease of use.

Google describes Google. cn as “ an additional service, not a replacement for Google.

com in China. The Chineselanguage Google. com will remain open, un? ltered and available to all Internet users worldwide”. 1 To account for user privacy concerns and to avoid having to co-operate with Chinese government investigations of dissidents, as Yahoo! and Microsoft have done, Google chose to refrain from offering products such as Gmail and Blogger (its e-mail and blog services) for Google. cn’s initial release. Amid questions of whether Google would pressure the Chinese government to end its policy of censoring, Google CEO Eric Schmidt said, “ I think it’s arrogant for us to walk into a country where we are just beginning operations and tell that country how to run itself. 42 Clearly, as of early 2006 Google had no plans to shake up the Chinese censorship system beyond making Google.

cn censoring transparent to users. Google’s hiring of the extremely accomplished and well-known Kai-Fu Lee to head up Google. cn demonstrates the company’s hope for Google’s presence in the region. Having worked in high positions at Apple and Microsoft and having written a guide for Chinese university students about how to succeed in American business, Lee packs university auditoriums in China wherever he goes to speak. 43 In terms of Google. n’s future, Schmidt expects China to eventually become one of Google’s most important markets, though it only accounts for a small piece of Google’s overall revenue today. In addition, he expects Google’s China research centers to be major sources of innovation for

Google, particularly due to the rich talent pool of software engineers coming from Chinese universities.

44 Fallout from Google's Launching Google. cn Shortly after launching Google. cn in January 2006, Google was called in front of the U. S. House of Representative's Committee on International Relations, along with fellow U. S. companies Microsoft, Yahoo! , and Cisco Systems, to testify before the Subcommittee on Asia and the Paci? c, and the Subcommittee on Africa, Global Human Rights, and International Operations regarding business operations in China.

45 During the human rights hearing, James A. Leach, an Iowa Republican, asked Google Vice President Elliot Schrage to explain exactly how Google. cn self-censored. Schrage outlined how Google. cn studied competitors' ? ltering
41 42 43 44 45 Schrage, E. , Vice President, Global Communications and Public Affairs, Google Inc. " Testimony of Google Inc.

before the Subcommittee on Asia and the Paci? c, and the Subcommittee on Africa, Global Human Rights, and International Operations. " (February 15, 2006). Bold text included by Mr. Schrage. Yardley, Jim. " Google Chief Rejects Putting Pressure on China". The New York Times.

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(April 23, 2006). Zeller, T. Web Firms Questioned on Dealings in China. " The New York Times. (Feb. 16, 2006). Case Studies in Ethics 9 dukeethics.

org methods along with the Chinese government's method to come up with its own self-censoring system. Leach replied, " So if this Congress wanted to learn how to censor, we'd go to you - the company that should symbolize the greatest freedom of information in the history of man? " 46 Due to this hearing and others - and particularly in light of Yahoo! China and Microsoft MSN's collusion with the Chinese government, which put three Chinese cyberdissidents in jail in Yahoo! 's case and which shut down a popular political bloggers MSN blog space in Microsoft's case - in October 2007 the House Foreign Affairs Committee unanimously voted in favor of the Global Online Freedom Act of 2007, which prohibits U. S. companies from disclosing to foreign governments the names and information of specific individuals using a given company's services. 47 The Committee has urged Congress to act with alacrity and pass the Act as soon as possible. In addition to the U. S. government, Google had to explain its actions to its shareholders. In May 2007, a majority of Google shareholders voted against an anti-censorship proposal which was submitted by the Office of the Comptroller of New York City on behalf of various New York City pension funds which own Google stock (see Appendix II for the full proposal). Google as a company, along with Google's Board of Directors, recommended stockholders to vote against the proposal. In the words of David Drummond, Senior Vice President for Corporate Development, " Pulling out of China, shutting down Google. cn, is just not the right thing to do at this point, but that's exactly what this

proposal would do. 48 Google in China Two Years Later In the two years following the launch of Google. cn in January 2006, Google has done well in the Chinese market, remaining second only to Baidu.

com in terms of market share. As of the second quarter of 2007, Google had increased its share from 19. 2% to 22. 8% and Baidu. com had fallen from a 63. 7% to a 58. 1% share.

49 In order to penetrate the China search market further, Google aims to make Google. cn as “ Chinese” as possible, both by hiring Chinese employees and by partnering with Chinese technology firms. According to CEO Eric Schmidt, one of Google’s “ big projects” during the year 2007 is to grant greater autonomy to Google’s local management in China. Google has tried to distinguish Google. cn as distinctly Chinese by adopting the local Chinese name of “ Guge,” which roughly translates to “ harvest song,” though this name choice has been widely mocked by Chinese users. Overall, Schmidt says, “ As [Google] China gets more established, it will have its own voice, its own expression and, I think, its own look. ” 50 Already Google has established two research centers, one in Beijing and one in Shanghai.

1 Since launching Google. cn, the company has set up key partnerships with Chinese firms that should help Google increase its Chinese market share. In early 2007, Google. cn set up a partnership with China Mobile, the government-owned dominant mobile-phone carrier in China, to manage the firm’s mobile Internet search services. 52 Also in early 2007, Google. cn partnered with the Chinese music and video sharing YouTube-like site Xunlei. com.

53 46 47 48 49 50 51 52 53 Ibid PEN American Center. “ House Foreign Affairs Committee Unanimously Passes Global Online Freedom Act. ” (October 23, 2007). Larkin, E. “ Google Shareholders Vote Against Anti-Censorship Proposal”. PC World. (May 10, 2007).

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(April 30, 2007) “ Google Adds Local Partner. ” Chinadaily. com. en. (August 21, 2007). Poon, T. “ Google to Open Research Center in Shanghai”.

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“ Google Makes Another Investment in the Internet in China”. The New York Times. (January 6, 2007). Case Studies in Ethics 10 dukeethics. org In April 2007, Google announced a deal with China Telecom, the world’s largest wireless telecommunications and broadband services provider. 54 Finally, in August 2007 Google. cn entered into a partnership with Tianya.

com, a Chinese online community. 55 Overall, while Google. cn remains far behind Baidu. com, the company is optimistic. In the words of Schmidt, “ We were late entering the Chinese market and we are catching up. Our investment is working and we will eventually be the leader. ” 56 54 55 56 Liu, John.

“ Google and China Telecom agree on Internet ad sales deal; Business Asia by Bloomberg”. The International Herald Tribune. (April 26, 2007). China Telecom Corporation Limited. [http://www.chinatelecom-h.com/eng/corpinfo/overview.](http://www.chinatelecom-h.com/eng/corpinfo/overview.htm)

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21, 2007). Dickie, M. “ Google feels upbeat about China market”. Financial Times (London, England). (April 30, 2007) Case Studies in Ethics 11 dukeethics. org Appendix I: Blacklisted Words⁵⁷ This is not an official list. It was released by The Washington Post as a list of the words that Google censors on its google.

cn site. Names of People Bao Tong Chen Yonglin Cui Yingjie Ding Jiaban Du Zhaoyong Gao Jingyun Gao Zhisheng He Jiadong He Weifang Hu Xingdou Hu Yuehua Hua Guofeng Huang Jingao Jiang Mianheng Jiang Yanyong Jiang Zemin Jiao Guobiao Jin Zhong Li Zhiying Liang Yuncai Liu Jianfeng Liu Junning Liu Xiabobo Nie Shubin Nie Shubin (repeated) Sun Dawu Wang Binyu Wang Lixiong Xu Zhiyong Yang Bin Yang Dongping Yu Jie Zhang Weiyong Zhang Xingshu Zhang Zuhua Zhao Yan Zhou Qing Zhu Chenghu Zhu Wenhua ⁵⁷From The Washington Post, February 18, 2006. Obscenities withheld. Case Studies in Ethics 12 dukeethics. org Zi Yang (in English) Ziyang (in Chinese) Ziyang (in English) zzy (in English, abbreviation for Zhao Ziyang) Chinese Politics 17th party congress Babaoshan Beat the Central Propaganda Department Blast the Central Propaganda Department Block the road and demand back pay Chief of the Finance Bureau Children of high officials China liberal (in

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English) Chinese Communist high officials Denounce the Central Propaganda Department Down with the Central Propaganda Department Impeach Lin Zhao Memorial Award Patriots Alliance Patriots Alliance (abbreviated) Patriots Alliance Web Police chase after and kill police Pollution lawsuit Procedures for dismissing an official Red Terror Set of measures to force people to relocate Sons of high officials The Central Propaganda Department is the AIDS of Chinese society Villagers' fight with weapons Wang Anshi's reform and the fall of the Northern Song dynasty Specific Issues and Events Buy corpses Cadres transferred from the military Cash register Cat abuse Changxin Coal Mountain China Youth Daily staff evaluation system Chinese orphanage Chinese Yangshen Yizhi Gong Demobilized soldiers transferred to other industries Dongyang Dongzhou Fetus soup Foot and mouth disease Case Studies in Ethics 13 dukeethics.org Fuzhou pig case Gaoxin Hospital High-speed train petition Hire a killer to murder one's wife Honghai Bay Horseracing Jinxin Pharmaceutical Kelemayi Linyi family planning Market access system Mascot Military wages No Friendlies Prosecutor committed suicide Pubu Ravine Shanwei government Suicide of deputy mayor Suicide of Kuerle mayor Swiss University of Finance Taishi village Top ten worst cities Wanzhou Weitan Zhang Chunxian welcomes supervision against corruption Falun Gong Terms related to the banned Falun Gong spiritual movement, including phrases from its "Nine Commentaries" manifesto against the Communist Party: Chinese Communist Party brutally kills people dajiyuan (in English) Defy the heavens, earth and nature. Mao Zedong Epoch Times Epoch Times (written with a different character) Epoch Times news Web site Evaluate the Chinese Communist Party Evaluate the Chinese

Communist Party (abbreviated) falundafa (in English) ? (in English) Fozhan
Qianshou Fa Guantong Liangji Fa In the Chinese Communist Party, common
standards of humanity don't exist Li Hongzhi lihongzhi (in English) Master Li
minghui (in English) Mother and daughter accused each other, and students
and teachers became enemies New Tynasty TV Station Case Studies in
Ethics 14 dukeethics.

org Nine Commentaries No. evil cult in the world Obedient citizens under its
brutal rule People become brutal inviolence, Chinese Communist Party
People developed a concept of the Chinese Communist Party, but People
who could escape have escaped, and had people to seek refuge with Quit
the party Run the opposite direction of the so-called ideals of Communism
Shenzhou Jiachifa Spring Festival Gala of the World's Chinese Steal people's
painstaking work Truth, Compassion, Tolerance Zhenshanren (in English)
Overseas Web Sites, Publications and Dissident Groups Century China
Foundation China Issues Forum China Renaissance Forum China Society
Forum China Spring Chinese Current Affairs Chinese World Forum
EastSouthWestNorth Forum EastWestSouthNorth Forum Forum of Wind, Rain
and the Divine Land Freedom and Democracy Forum Freedom to Write
Award Great China Forum Han Style Huatong Current Affairs Forum Huaxia
Digest Huayue Current Affairs Forum Independent Chinese PEN Center
Jimaoxin Collection Justice Party Forum New Birth Web New Observer Forum
North American Freedom Forum reminbao (In English) remingbao (In English)
Small Reference Spring and Summer Forum Voice of the People Forum
Worldwide Reader Forum You Say I Say Forum Zhengming Forum Case
Studies in Ethics 15 dukeethics. org Zhidian Jiangshan Forum Zhongshan

Wind and Rain Forum Taiwan Establish Taiwan Country Movement
Organization Great President Chen Shui-bian Independent League of Taiwan
Youth Independent Taiwan Association New Party Taiwan Freedom League
Taiwan Political Discussion Zone Ethnic Minorities East Turkestan East
Turkestan (abbreviated) Han-Hui con? cts Henan Zhongmu Hui rebellion Hui
village Langcheng Gang Nancheng Gang Nanren Village Tibet independence
Xinjiang independence Zhongmu County Tiananmen Square Memoirs of June
4 participants Redress June 4 Tiananmen videotape Tiananmen incident
Tiananmen massacre Tiananmen generation World Economic Herald
Censorship Cleaning and rectifying Web sites China's true content Internet
commentator News blockade Case Studies in Ethics 16 dukeethics. org
International Indonesia North Korea falls out with China Paris riots Tsunami
Other Armageddon Bomb Bug Handmade pistol Nuclear bomb Wiretap
Chinese People Tell the Truth Chinese People Justice and Evil China Social
Progressive Party Chinese Truth Report Dazhong Zhenren Zhenshi
Jingdongriji Night talk of the Forbidden City People's Inside Information and
Truth Case Studies in Ethics 17 dukeethics. org Appendix II: Proposal Number
558 Stockholder Proposal The Of? e of the Comptroller of New York City has
advised us that it intends to submit the proposal set forth below for
consideration at our annual meeting. It is the custodian and trustee of the
New York City Employees' Retirement System, the New York City Teachers'
Retirement System, the New York City Police Pension Fund, and the New
York City Fire Department Pension Fund, and custodian of the New York City
Board of Education Retirement System (the " Funds"), which bene? cially own

486, 617 shares of Google's Class A common stock. The proposal, along with the Funds' supporting statement, is included verbatim below.

The Funds' request was submitted by Patrick Doherty, The City of New York Office of the Comptroller, 1 Centre Street, New York, New York, 1007-2341. The Funds' Stockholder Proposal Internet Censorship Whereas, freedom of speech and freedom of the press are fundamental human rights, and free use of the Internet is protected in Article 19 of the Universal Declaration of Human Rights, which guarantees freedom to " receive and impart information and ideas through any media regardless of frontiers", and Whereas, the rapid provision of full and uncensored information through the Internet has become a major industry in the United States, and one of its major exports, and Whereas, political censorship of the Internet degrades the quality of that service and ultimately threatens the integrity and viability of the industry itself, both in the United States and abroad, and Whereas, some authoritarian foreign governments such as the Governments of Belarus, Burma, China, Cuba, Egypt, Iran, North Korea, Saudi Arabia, Syria, Tunisia, Turkmenistan, Uzbekistan, and Vietnam block, restrict, and monitor the information their citizens attempt to obtain, and Whereas, technology companies in the United States such as Google, that operate in countries controlled by authoritarian governments have an obligation to comply with the principles of the United Nations Declaration of Human Rights, and Whereas, technology companies in the United States have failed to develop adequate standards by which they can conduct business with authoritarian governments while protecting human rights to freedom of speech and freedom of expression, Therefore, be it resolved, that shareholders request

that management institute policies to help protect freedom of access to the Internet which would include the following minimum standards: 1) Data that can identify individual users should not be hosted in Internet restricting countries, where political speech can be treated as a crime by the legal system. 2) The company will not engage in pro-active censorship. 58 http://investor.google.com/pdf/2007_notice_n_proxy_statement.pdf.

Pgs 30-31. Case Studies in Ethics 18 dukeethics.org 3) The company will use all legal means to resist demands for censorship. The company will only comply with such demands if required to do so through legally binding procedures. 4) Users will be clearly informed when the company has acceded to legally binding government requests to filter or otherwise censor content that the user is trying to access. 5) Users should be informed about the company's data retention practices, and the ways in which their data is shared with third parties. 6) The company will document all cases where legally-binding censorship requests have been complied with, and that information will be publicly available.

Required Vote Approval of the stockholder proposal requires the affirmative "FOR" vote of a majority of the votes cast on the proposal. Unless marked to the contrary, proxies received will be voted "AGAINST" the stockholder proposal. Recommendation Our board of directors recommends a vote AGAINST the stockholder proposal. Case Studies in Ethics 19 dukeethics.org Appendix III: ChaCha and JingJing59 Cyber Police to Guard all Shenzhen Websites Shenzhen police plan to equip all Shenzhen Websites and electronic bulletin board systems with two virtual policemen icons on the

main pages to maintain order in cyber space. People may click the two cartoon policemen to enter the cyber space (<http://66110.qq.com>, <http://777110.qq.com>) of two virtual cops and ask

questions about information safety. Real policemen will answer their questions immediately. Internet users may also learn information about the Internet laws and regulations and some typical Internet criminal cases from these two virtual policemen.

“ The two dummy policemen were made to remind Netizens the Internet is protected by the law. People should pay attention to their behavior when they are surfing on the Net,” a senior official of the Shenzhen cyber police told China Youth Daily. 59 “ Cyber Police to Guard All Shenzhen Websites”. Shanghai Daily. (January 5, 2006). Available from <http://www.china.org.cn/english/government/154200.htm>. Retrieved on November 6, 2007.

Case Studies in Ethics 20 dukeethics.org Study Questions 1. Which factors best explain why Google was so successful in the first place? Were any of these conditions for success put in jeopardy by the decision to launch Google.

2. Was Google right to have entered the Chinese market the way it did? Did Google’s mission compel it to create google.cn? What specific aspects of the mission does Google address in making its decision to enter? What other reasons could there have been for entering China? How do Google’s conclusions fit with its motto, “ Don’t be Evil”? 3. Where is the success of the Chinese censorship system? In other words, what makes their censorship

system work so well? Where does Google fit in to this system? Has Google worked to improve the situation? What more could it do? Case Studies in Ethics 21 dukeethics.org