

GOOGLE IN CHINA

“The Great Firewall”

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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.

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“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%.³

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.

¹ Oliver, C & Shinal, J. “Google will censor new China service”. MarketWatch. (January 25, 2006).

² 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.

³ 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.

⁴ “Milestones”. Available from www.google.com. Accessed on November 4, 2007.

Their innovation caught the attention of their classmates, and of others who knew them, and later on of a few investors. After they generated sufficient capital from investors, family, and friends who saw potential in their idea, they opened their first office in a garage in Menlo Park, California. This office had a washer and dryer and a hot tub that was emblematic of what today continues to be Google's laid-back corporate culture. Now the company has moved into the "Googleplex," a much larger office 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

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-flashy ads that are relevant to the user's search query.

⁵ "The Google Culture". Available from www.google.com. Accessed on Nov. 4, 2007.

⁶ "Our Philosophy". Available from www.google.com. Accessed on Nov. 4, 2007.

⁷ "Company Overview". Available from www.google.com. Accessed on Nov. 4, 2007.

⁸ "Google Code of Conduct". Available from www.google.com. Accessed on Nov. 4, 2007.

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, 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 Service (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>.

¹⁰ 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.

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 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 outfits 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 text-messaging 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 Einhorn, B. “The Great Firewall of China”. *BusinessWeek*. (September 23, 2002): LexisNexis. Duke University Library. 3 Nov. 2007.

¹⁵ Thompson, C. “Google’s China Problem (And China’s Google Problem)”. *The New York Times Magazine*. (April 23, 2006).

¹⁶ “Toppling the Great Firewall of China.” eWeek. (September 12, 2007): NA. Academic OneFile. Gale. Duke University Library - Perkins. 3 Nov. 2007.

¹⁷ Ibid.

¹⁸ Thompson, C. “Google’s China Problem (And China’s Google Problem)”. *The New York Times Magazine*. (April 23, 2006).

¹⁹ 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”. *BusinessWeek*. (January. 23, 2006): LexisNexis. Duke University Library. 3 Nov. 2007.

²⁰ Qiang, X. “Image of Internet police: JingJing and Chacha online - Hong Yan (??)”. chinadigitaltimes.net. (January 22, 2006).

Google's Decision to Launch Google.cn

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.²⁶ 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.²⁸ 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 19.2% in 2006.³²

²¹ 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).

²² Amnesty International. "Undermining Freedom of Expression in China: The role of Yahoo!, Microsoft, and Google". (July 2006).

²³ Kerner, S.M. "MSN China Opens its Doors". InternetNews.com. (May 27, 2005).

²⁴ Thompson, C. "Google's China Problem (And China's Google Problem)". *The New York Times Magazine*. (April 23, 2006).

²⁵ Ibid

²⁶ *The New York Times*. "Beijing Blocks Access to Google". NYT Late Edition, East Coast. (September 4, 2002).

²⁷ Kahn, J. "China Seems to Refine Bid to Restrict Web Access." *The New York Times*. (September 14, 2002).

²⁸ Thompson, C.

²⁹ Kahn, J. "China Seems to Refine Bid to Restrict Web Access." *The New York Times*. (September 14, 2002).

³⁰ 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.

³¹ Thompson, C.

³² Fong, Mei. "Google Builds China ties; Software firm deal is part of a move into other services." *The Wall Street Journal*. (January 5, 2007).

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.³³

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 conditions**³⁵

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 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).

³⁴ Brin, Sergey, quoted by Hannah Clark. "The Google Guys in Davos." Forbes.com. (January 1, 2007).

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). Bold text included by Mr. Schrage.

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 fifth 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 McLaughlin, A. Senior Policy Counsel, Google Inc., "Google in China." The Official Google Blog. (January 27, 2006).

³⁷ Kristof, N.D. "China's Cyberdissidents and the Yahoos at Yahoo". *The New York Times*. (February 19, 2006)

³⁸ Kristof, N.D. "China's Cyberdissidents and the Yahoos at Yahoo". *The New York Times*. (February 19, 2006)

³⁹ 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.

⁴⁰ Kristof, N.D. "China's Cyberdissidents and the Yahoos at Yahoo". *The New York Times*. (February 19, 2006)

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 Chinese-language Google.com will remain open, unfiltered and available to all Internet users worldwide".⁴¹

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.cn'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 Pacific, 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' filtering

⁴¹ 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.

⁴² Yardley, Jim. "Google Chief Rejects Putting Pressure on China". *The New York Times*. (April 13, 2006)

⁴³ Thompson, C. "Google's China Problem (And China's Google Problem)". *The New York Times Magazine*. (April 23, 2006).

⁴⁴ Thompson, C. "Google's China Problem (And China's Google Problem)". *The New York Times Magazine*. (April 23, 2006).

⁴⁵ Zeller, T. "Web Firms Questioned on Dealings in China." *The New York Times*. (Feb. 16, 2006).

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.⁵¹

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 Ibid

⁴⁷ PEN American Center. "House Foreign Affairs Committee Unanimously Passes Global Online Freedom Act." (October 23, 2007).

⁴⁸ Larkin, E. "Google Shareholders Vote Against Anti-Censorship Proposal". *PC World*. (May 10, 2007).

⁴⁹ Litterick, D. "Google takes a byte out of the Chinese market". *The Daily Telegraph* (London). (August 21, 2007).

⁵⁰ Dickie, M. "Google feels upbeat about China market". *Financial Times* (London, England). (April 30, 2007)

⁵¹ "Google Adds Local Partner." *Chinadaily.com.en*. (August 21, 2007).

Poon, T. "Google to Open Research Center in Shanghai". *The Wall Street Journal*. (June 15, 2007).

⁵² Barboza, D. "Google Makes Another Investment in the Internet in China". *The New York Times*. (January 6, 2007).

⁵³ Barboza, D. "Google Makes Another Investment in the Internet in China". *The New York Times*. (January 6, 2007).

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 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.htm> Accessed Nov. 2007.

⁵⁵ "Google Adds Local Partner." *Chinadaily.com.en*. (Aug. 21, 2007).

⁵⁶ Dickie, M. "Google feels upbeat about China market". *Financial Times* (London, England). (April 30, 2007)

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 Wenhui

⁵⁷ From *The Washington Post*, February 18, 2006. Obscenities withheld.

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 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 fires 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
Cashfiesta
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

Fuzhou pig case
Gaoxin Hospital
High-speed train petition
Hire a killer to murder one's wife
Honghai Bay
Horsereading
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)
flg (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

Nine Commentaries
No. 1 evil cult in the world
Obedient citizens under its brutal rule
People become brutal in violence, 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
Jimaixin Collection
Justice Party Forum
New Birth Web
New Observer Forum
North American Freedom Forum
reminbao (In English)
reminbao (In English)
Small Reference
Spring and Summer Forum
Voice of the People Forum
Worldwide Reader Forum
You Say I Say Forum
Zhengming Forum

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 conflicts
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

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

Appendix II: Proposal Number 5⁵⁸

Stockholder Proposal

The Office 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 beneficially 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.

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.

Appendix III: ChaCha and JingJing⁵⁹

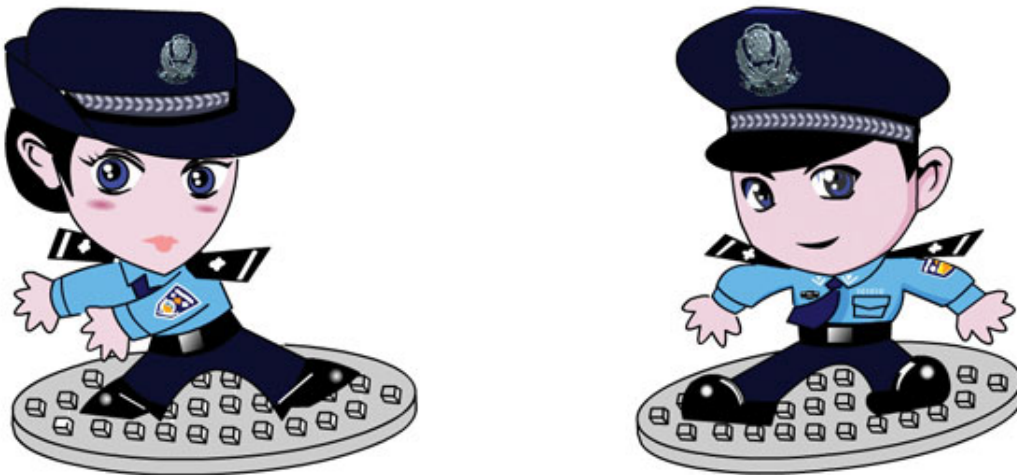
Cyber Police to Guard all Shenzhen Websites

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.qzone.qq.com>, <http://777110.qzone.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.

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.cn?
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?