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Thomas Hazlett: Google's beautiful China paradox

By Thomas Hazlett

Published: January 25 2006 20:39 | Last updated: January 25 2006 20:39



Google's capitulation to China's "internet-filtering technology" – in its deal to launch a China-based version of its internet search service that will actively censor results – outwardly looks like the sort of bargain a money-grubbing capitalist strikes with the devil. In some respects it is. But therein lies its paradoxical beauty.

Google, supplier of the search engine that has so gloriously facilitated the internet experience for tens of millions of users, informs us: "In order to operate from China, we have removed

some content from the search results available on Google.cn, in response to local law, regulation or policy." This message is hardly censored. Google is not just doing deals with the Chinese government, it is bringing a new editor on board – and in the process, setting off shrieks of alarm and cries of hypocrisy. Is this not the same Google that stands up for "freedom of the net"?

The criticism is proper and even productive – unlike a lot of other chatter. Companies ought to pay some price for selling out. But Google – as far as one can tell – has not sold cheaply. The Chinese government has the ability to do far worse than deal with Google; it could choose not to deal at all. And the terms of the agreement struck will push modern communications yet further in a basically authoritarian society. That triggers an underlying dynamic that ultimately, will undermine restrictions, allowing civil liberties – not Chinese government censors – to triumph.

Devilish bargains are ugly to behold. Ted Turner's CNN has made enormous impact in bringing television news to international audiences, but was launched with – and has continued to air – international reports produced by state broadcasting agencies that are thinly disguised propaganda. Rupert Murdoch used to chide his rival mogul for being a mouthpiece for third-world dictatorships, at least until he cut his own deals with the Chinese censors. Each of these compromises has some appalling aspects. But the march of the new technologies is relentless, and pointed in the right direction.

Tyrants around the globe are hip to a basic reality. The path to economic power is to open your markets to commercial enterprise, give your population incentives to work hard and leverage efficient methods developed in advanced economies. Enormous productivity gains are possible; geopolitical respect and global influence quickly follow. Witness the "Chinese economic miracle" circa 2006.


The tyrants' dilemma is that the systems that generate prosperity are decentralised and inherently weaken central controls. Mikhail Gorbachev instituted a loosening of the Soviet economy (*perestroika*) in tandem with a political relaxation (*glasnost*), and the entire regime collapsed. China's Communist leaders have been determined to avoid this. The measured liberalisation necessary to enhance economic performance has been "protected" by intense pressure on dissidents, widespread censorship and a firm commitment to avoid democratic drift.

But the information economy is the Chinese government's strategic economic target. Its power and prestige rest on continuing productivity gains, and those gains depend on successful exploitation of advanced technologies. Taking away an enterprise engineer's internet-connected PC is not the way to global economic domination. Today, that Chinese PC user will be stuck with limited internet access.


The Chinese government licenses internet service providers and has many levers to pull, and so has no need to rely on Google's spirit of compromise. Should Google decide to strike a blow for freedom of speech, it would be signalling its departure from the world's largest emerging market. V.I. Lenin gloated that western businessmen would greedily sell Communists the very rope they would later be hanged with. He was right


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
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about the greed. But history has found that the market economies that efficiently produced rope, and all other inputs and outputs, continue to prosper.


Google may regret its embarrassing moment. But I suspect the reverse. Chinese autocrats will one day look back fondly on a world before global communications networks, when searching the internet was difficult and the masses knew their place.

The writer is professor of law and economics at George Mason University, where he is director of the Information Economy Project of the National Center for Technology and Law

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