

Google's algorithm of life: rejoice and be wary.

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By Thomas Hazlett

Tomorrow just arrived and it is about time. How many George Orwell novels or Ray Bradbury stories has it taken us? At long last, we may soon be able to click on the electronic screen to find out what is in our heads.

Thank you, Google. You are aiming to organise what so many of us have confused - namely, our lives. Flummoxed by the choices and complications of multi-dimensional reality, you are reducing it all to a simple computational problem. And you remember to do what the rest of us have been forgetting: save the receipts.

Also e-mails, web surfing destinations and e-searches. Keep a list of those, run a few algorithms the size of Portugal, and presto: optimisation problems solved. Careers, mates, consumption, investment, leisure and spiritual replenishment all laid out trim and tidy. Uncluttered, just like the Google Search page. This is well beyond our wildest.

To think that people are complaining. They are unnerved that, after all these millennia, it took a couple of geeks from California to get the rest of us straightened out. They point to the massive intrusion into our private lives that would be entailed when a corporate behemoth, now valued at Dollars 150bn (Pounds 76bn), stored so much information about our choices, lifestyles and thoughts that it ended up knowing quite a bit more about where we should be headed than we do.

There is a point to the fear. New information flows require some hard choices about whom we trust. Intention-based advertising has led Google to untold riches in financial markets, supplying a 21st century death knell to the old advertising model. Those banner ads of the internet, not to mention the ubiquitous e-mail spams made lucrative by virtue of the demand for male potency and hair restoration products, are almost wholly eclipsed by the sensational efficiency of pinpoint advertising, with news of what one might actually want to purchase, as pioneered by Google Search.

But that very progressive business model is an invasion of privacy, if you are going to get picky. Google knows that when you search "Orlando hotels" you are a sitting duck for a rich raft of commercial offers, just as if it was reading your mind. Or your e-mails. Hence, when Gmail was introduced to make that reading a bit easier for Google, the squawking was intense. "Google is scanning your private e-mail to locate the keywords that generate the ads," wrote Walter Mossberg, the influential technology columnist, in The Wall Street Journal. "Google is risking its reputation for honesty."

A bill to ban the service passed the California state senate, receiving only one dissenting vote. Respected internet activists expressed outrage. Google's executives were dumbfounded - particularly when they saw that Gmail accounts, then tightly controlled and hard to acquire, were trading on Ebay for Dollars 100. The company grasped the irony instantly. While its reputation truly was at stake, it was offering innovative services that consumers really wanted. Intention-based advertising is revolutionary in its efficiency. People flock to this environment. Gmail is today a runaway hit.

At the same time, they will continue flocking only so long as the price is right. If Google fails to protect personal data from abuse, the company's single most important asset goes up in smoke. Without the reputational capital to do seamless business with hundreds of millions of internet users, Google's profits would go the way of the dotcom bubble.

Google Search, Gmail and myriad other services are today intrusive data mining enterprises - and extremely popular with customers. The company's enormous capital resources, driven by Wall Street's excitement over a media model that actually works, help solve the consumers' conundrum. The share values of the search giant can only tip-toe in the troposphere so long as those hard disks remain protected. When Google scans them to find what job listing we might like to see or what spa we need to visit, we tend to be pretty happy. Where standards slip and private information leaks to unwanted purposes, or is sold to low-ball retailers, we are all going to get crazy. We will take Google's equity with us.

Google's marketing under the "Don't be evil" theme is one of the last old-style types of advertising slogan that still works. For customers and shareholders alike. The rude awakening for many is that they supposed that this was a different kind of company and that the markets it opened were upside down from others. They are finding that privacy, like other goods, has trade-offs, and that even the purest of souls must make hard choices.

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