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## Google: the world's biggest employer?

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*"...advertising funded search engines will be inherently biased towards the advertisers and away from the needs of the consumers..."*

— Scott Cleland: *Why Google Is Not Neutral*. (2009)

I was recently alerted to a [documentary](#) on Dutch TV about malpractice among locksmiths in the Netherlands. The focus of the program was on the exorbitant prices locksmiths charge for door opening and lock replacement. The problem was traced to competition between companies that use Google ad-words to reach customers. Many of these companies do nothing more than sell customers who call them to a handy-man who may or may not have professional accreditation and the skills to open a lock. In many instances, such “independent workers” (called ZZP'er in Dutch), who may not even be registered with the Chamber of Commerce and may or may not be paying tax, providing guarantees etc., accept a job for a 70% markup; the companies doing the acquisition charge 70% for the mere act of running a website and employing someone to answer the telephone.

Once we just had the Yellow pages as a middle man, and they caught on quickly to the fact that some sectors are totally dependent on advertising to get customers and were quick to exploit this. One way they went about it is by getting companies offering the same sort of services or products to compete with each other for a prominent place on a page. So, for instance, a butcher might pay a few hundred euro per year for an A5 size ad, but a locksmith could expect to pay 10.000 euro for the same space. I know for a fact that representatives would visit competing companies on the same day to prevent them from contacting each other and finding out what each was paying for their ads. Clever, but not clever enough, because I wrote to as many of my competitors as possible and offered to work together, to form a cartel, to prevent the Yellow pages from setting us up by getting us to bid against each other and this actually worked. I had less success though, when I realized how things were developing with Google ad-words.

The days of the Yellow pages are now long gone, but a similar situation now exists with respect to the top search results on Google search engine, with the first 2-4 search results dominated by Google's own advertisements, Google-ads. The problem with this, *in case you can't already smell it*, is that [Google now not only controls a good 90%](#) of the market for search results, it also *makes money by promoting its own search results*. As Scott Cleland puts it: “Google is not neutral in that its search engine [favors Google-owned content](#) over non-Google-owned content.”

The only thing that prevents Google from asking money to show “organic” search results, (these are the results of an open search using a key word), is their pretense of providing a “neutral” search engine, or providing “relevant” search results based on their (proprietary and highly secret) algorithms which attempt to probe which search results you “really need.”

However, the situation is a lot more complex than this: Google effectively makes money off anything we do with its search engine and other services. To paraphrase Dallas Smythe “audience power is produced, sold, purchased and consumed, *it commands a price and is a commodity*. [Google users contribute their] unpaid work time and in exchange you receive the program material and the explicit advertisements.” (Smythe 1981/2006, 233, 238) And as Christian Fuchs suggests, “... users who google, upload photos, and images, write wall posting and comments, send mail to their contacts, accumulate friends or browse other profiles on Facebook, constitute an audience commodity that is sold to advertisers.” (Fuchs, 2012).

The problem with this situation is that it literally casts Google as an employer. We might compare Google to a job agency, mediating between online content, (including content from big businesses like Amazon and small local ventures) and consumers, both of whom are sources of revenue for Google. But if Google is effectively mediating not just business transactions but also various forms of ‘labor’, what legal and ethical principles ought to apply? Job agencies are legally accountable to their workers just as employers are. Moreover, Google’s control over labor and money is not subject to any national controls. What if Google suddenly decides to halt commercial advertising for a particular branch? Or to exclude specific search results that people depend on for work? The lack of Government oversight means that our economies are increasingly being run by private corporations. And there is no backup plan!

Google currently charges somewhere between 38-50 euro per click for locksmiths, generating huge income and a powerful incentive to grab more of the market. These expenses are of course transferred to the customer, for instance, when a company sends out a locksmith to your house, somewhere between 30-40% of the fee may go directly to Google. Add to this the fact that Google *pays virtually no tax in any country on earth* and what we have here is a recipe for totalitarian control of employment. Indeed, Google is currently already the world’s biggest employer.

How did this situation arise and why have governments not done anything to regulate or limit Google’s control?

From the point of view of the early adopter, Google’s ad-words product offered the advantage of being able to pay one’s way to the top of the search results, however at the time, around the year 2000, Google ads were displayed fairly discretely in the sidebar on the right, and all other organic search results were displayed in the main content section.

For a mere 0.01 cent per click, you could start advertising. You filled out a form, saying how much you were prepared to pay for a click on a specific key-word or search term, and whenever someone typed that key word into a browser, Google would display your ad, discretely in the sidebar. But there was a catch: for a mere 0.01 cents, your competitors could outbid you and then their ad would be displayed above yours. This inevitably led to companies attempting to outbid each other and the prices rose, within a year, to 1-2 euros and we have now reached 25-40 euro, depending on the time of day, the key word, the number of competitors and the number of displays etc.

I predicted this system would rapidly force up the prices and contacted my competitors to get them to agree to boycott it, and to rely on organic search results instead. The results were predictable: big companies with lots of employees were seeking to consolidate their place in the new marketplace and they didn’t give a hoot, because they thought they were outbidding their competitors. Of course, what they didn’t really think about was what the future would look like when 40-50% of their hard earned cash would be going straight to Google.

I have been contemplating how to beat this system for a long time. I have managed to keep my company afloat, and even to stay in the top percentage of organic search results with a very simple website and good SEO. But the problem is becoming too complex to handle:

Google’s algorithms are becoming ever more complex and unfathomable. Search results now show companies and businesses closest to you, which means that competition has focused on setting up hundreds of fake websites for every district, and soon probably every street in my hometown. Google keeps producing new products and they are getting so technically complex that specialists have to be called in to work on SEO (search engine optimisation), on Google+ Google Maps and Google Locations. Companies try to keep up with these

changes and lose track of where their businesses are registered, their passwords etc. Its total chaos. But there is another problem:

Screen real estate is extremely valuable. Google is only one search engine, but it is the most widely used so lets take it as an example: if you type in locksmith and the name of your city, the first 3-4 results at the top of your screen are commercial Google Ads. If there is any screen space left, that is what is reserved for "organic" search results. These are the raw data of websites offering locksmith services, but these include the search results for companies already advertising commercially with Ad-words. In effect, clients are not being offered a "neutral" view of what is available on the web, but a very small section of all legitimate businesses, most of whom are already in debt to Google. If you want to get away from those results, you need to click through several pages, but who in their right mind is going to do that in an emergency? When you are locked out in the middle of the night and its raining, you are going to go for the first results you get. And so, Google owns and controls that market.

In an effort to beat the system, I have gone back to real-world advertising, using stickers to market out services and updating the design of my website to convey the fact that we are not only reliable, but also local, friendly and small-scale. Of course its only a matter of time before Google starts competing for public spaces, to put up its own branded screens displaying "useful information." Indeed, with the introduction of Chrome and Google glasses, Google will be able to project its ads directly into your head.

Its time for public (not necessarily government) regulation of the Internet. The problem is of course that government institutions are notoriously inept at understanding the Internet, let alone regulating it in ways that would be effective, that achieve what they set out to do without being overly inclusive or imprecise. More problematic is the fact that our present masters are also deeply in the pocket of companies like Google, not prepared to regulate them, to make them pay taxes or publicly accountable because that conflicts with the free market ideology according to which *total lack of government oversight or control* equates with a "level playing field."

In the meantime I cannot think of any better way to beat the Google's of this world than to advise everyone to shop local, to barter, and to make sure the names of real world businesses are remembered, shared and praised. Don't click on Google ads, don't even look at them! And for God's sake, start using other search engines!

#### **What could we do about this situation collectively?**

After putting some more thought into the matter, I realize that questions are being raised by many different groups about Google's backroom deal with the Tax Departments of various European States and the Euro Parliament. Google is not alone in raking in huge amounts of cash while paying next to nothing in taxes. To offer just a small example, in the Netherlands consumers pay up to 21% VAT (BTW). At the very least we would expect financial institutions to contribute that amount in taxes, Value Added Tax is supposed to go to the tax department, but these companies are registered offshore, in places like the Cayman Islands where they pay no taxes at all. Here is a brief list of financial institutions I use to run my company as well as for personal ends:

- Google (Ad-words)
- Payleven (Creditcard payments)
- iZettle (Creditcard payments)
- Mastercard
- Maestro
- American Express
- Paypal
- Digitalefactuur (Online Invoicing)
- ING | RABO | AMRO | HSBC (I don't bank with these gangsters, but my customers use them to make payments to me, and every transaction makes them a profit that either comes out of my pocket, or out of that of my customers, before getting reinvested in Nuclear Power, Arctic drilling, Monsanto, or ... the Arms industry ... think about it).

All of the above companies *route* their transactions through offshore banks and none of them contribute much to the local economies in which they are increasingly exercising power of control.

This situation is increasingly ludicrous and dangerous. Money is withdrawn from local economies and ends up in the hands of big corporations. As a consequence, governments are finding it harder to finance public spending on infrastructure, education, transport, media, communications, health care, pensions, and so the balance tips evermore in the direction of privatization of institutions and resources that should morally and practically belong to everybody collectively.

We need to see more class action and litigation by private individuals and small and mid-scale businesses to force tax authorities to open up the accounts of these big companies to public inspection and force them to pay taxes or lose access to markets. This is of course exactly what the TTIP aims to prevent, effectively depriving governments and civilians of the ability to challenge such financial profiteering through courts and legislative bodies.

— *Daniel Waterman*, March 2016.

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