
Google and France (and Europe)

By Miklos Sarvary

Today, the French government announced that it will introduce legislation requiring Google to pay a fee to French media sites for listing their content pages. Google promptly responded that in this case it will stop listing French media sites in his search queries.

CNN's report on the conflict can be read here:

<http://money.cnn.com/2012/10/21/technology/google-french-links/index.html?iid=obinsite>.

The proposed French government policy is completely stupid and extremely risky not just for the French media industry but for the whole country's image and relevance in the world. It is hard to understand the logic driving the policy – other than “let's grab cash wherever it is”. Not surprisingly, Germany – another country with a strong statist tradition – is considering the introduction of similar laws. Google actually generates value to French media sites by driving interested browsers to them. If these potential consumers click on the French sites' pages, presumably, they will view relevant content and, along the way, generate advertising revenues. Why should Google pay the sites for listing them in the search queries? One could even argue that the opposite should happen....

One way to evaluate the likely outcome of the conflict is to ask: “who will lose more (Google or the site) if Google stopped listing the latter?” The answer depends on how exclusive and relevant the site's content is? If it is unimportant or non-exclusive (as is the case for most French or other continental media sites) then, clearly, the site loses more. The searcher will just go to the next item on the search list to find the same content, be it a blog, a competing site or another source. It is only when the site's content is unique and important that Google loses credibility by not listing it. But in this case, does the site really need a tax from Google? Clearly not. Google will accelerate the audience's reach to the site, which will generate more advertising revenue.

The broader question in this conflict is France's credibility and influence. For about a century the country has been steadily losing influence in the world partly because it refuses to endorse key features of modern civilization. Ideas such as "the market economy", "English as the language of international exchange", "Globalization and free trade", etc. are concepts that France is forced to adopt (usually after putting up a pointless fight) rather than enthusiastically endorsing them as drivers of progress. The current fight with Google – one of the first marvels of the 21st century's progress – is a similar pointless and embarrassing move that has for only effect the setting back of France to the last century.

Find article at

<https://knowledge.insead.edu/economics-finance/google-and-france-and-europe>

About the author(s)

Miklos Sarvary Miklos is a Carson Family Professor of Business at Columbia Business School and a former Dean of Executive Education at INSEAD.