

# Google's Achilles' heel

By EVAN MANTYK  
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A word of advice to Microsoft in their recent intensified battle against Internet giant, Google: the world is waiting for a search engine that raises the bar on protecting the free flow of information and brings another level of integrity to the Wild West ethics of the World Wide Web.

First some background. Microsoft Corp. recently unveiled Bing—its attempt at a search engine that can compete with Google. The result has only been a small market share of Google's vast reach, which accounts for nearly 65 percent of all Web searches, according to figures from marketing firm comScore, Inc.

Google hit back last week by announcing a free operating system, Google Chrome—aiming to compete with Microsoft's operating system, Windows.

In the latest move, Microsoft announced on Monday that it will offer a free version of its Office suite that users can download over the Web, including a word processor, spreadsheet, presentation, and note-taking programs.

Behind all the hype, is there really any chance that Google will be overturned as search engine king or that Microsoft will be outdone by a Web-focused operating system? Probably not. Both companies are very good at what they do—which is internet searches for Google, and an operating system for Microsoft. All they are doing now is keeping each other on their toes.

If Microsoft, Yahoo, or any other company wants to knock Google out of the search engine ring, then they need to really think about what an Internet search engine is and what makes it good.

Philosophically, the premise of any internet search engine is that the free flow of information is a good thing. Type in "dog," and you get a seemingly endless array of perspectives on dogs. And if you are looking to buy a dog or learn about dogs or find

something related to dogs, then it's a good thing. Of course Google thinks it's a good thing too since it can have a plethora of ads related to dogs that will appeal to people interested in dogs—this is Google's primary revenue source.

Unfortunately everything isn't as simple as dogs. Take human rights for example. When people in China type in words related to human rights in China, the free flow of information hits a wall that Google itself has put up. The Uyghur, Tibetan, Falun Gong practitioner, Democracy advocate, or human rights lawyer will have to find some other way to get their message out because Google isn't going to be helping.

It's an ugly fact. Since 2006, Google has been censoring itself in China and helping the Chinese communist regime stay in power so that Google can earn more ad revenue.

It's becoming clearer and clearer that this move has only been to Google's own detriment. As recently as last month, Google was temporarily shut down for supposedly allowing easy access to pornography. Evidence suggests that it was actually because Google has been lax on allowing Google users in China to circumvent its political and human rights filters.

Regardless, Google's kowtow to the Chinese Communist regime remains its dirty secret to the mainstream world. For Microsoft or anyone else it could also be Google's Achilles' heel.

What the world wants is an Internet search engine that values the free flow of information, not simply to the extent that it brings in ad revenue for itself but to the extent that it will benefit the world—and no doubt there will be good deal of revenue along the way.

Imagine alongside useful information like the weather, the news wire, interesting facts, and pop culture mania, there is an icon on your search engine that says "Change the World." You just click "Change the World," and you're immediately updated on protests and happenings in oppressive countries like Iran, North Korea



ABOVE: Green Dam extends China's censorship from the level of the Internet to the level of the personal computer. Any attempt to use a computer with Green Dam installed on it to defeat the Internet censorship would be reported to the authorities. GREG WOOD/AFP/GETTY IMAGES

RIGHT: "We are watching you, Google." The CCP used faked evidence to cow Google into helping the Chinese regime oppress its citizens. CHINA PHOTOS/GETTY IMAGES

, and China. You are provided with lists of email addresses in those countries where you can individually send information that those people can't otherwise get. You are given useful contacts in the U.S. government who can be alerted about some particularly heinous act in those countries that will go censored there. You are given a forum to share ideas on ways to help.

This is a strange and bold suggestion, but perhaps it's no different than the switch from MySpace to Facebook.

At first, everyone I knew was using MySpace. The social networking site allowed a lot of creativity and options, but also had a lot of low-brow ads and seemed to only encourage people to be juvenile. Then Facebook gained even more attention from people I know. Its more organized and cleaner interface seemed to attract an even wider audience.

Now, perhaps some CEO with an eye for business and a heart of gold will realize that the next step is a more organized and cleaner world—with a better search engine.



Bottles of Coca-Cola sit on the shelves of a grocery store in Beijing, China. Asian sales propelled Coca-Cola's bottom line during second quarter 2009. PETER PARKS/AFP/GETTY IMAGES

## Recession proving no match for Coca-Cola

By ANTONIO PEREZ  
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On booming international sales, the blue chip Dow component and the world's biggest soft drink maker Coca-Cola (NYSE: KO) reported a better-than-expected second quarter profit this week. Coca-Cola's quarterly profit was \$2 billion, or 88 cents per share.

Despite a downturn in the United States, where the demand for soft drinks is slightly down from past years, business in emerging markets such as India and China is blossoming.

Coca-Cola enjoyed a 33 percent sales growth in India during the second quarter, followed by China with 14 percent. The company credits much of its success during the economic downturn to overseas sales.

"Our investments in key growth markets contributed to the good per-

formance in China, Mexico, India and Brazil," said CEO Muhtar Kent in a statement. "And, with our disciplined approach to productivity initiatives, we remain on track to achieve our \$500 million target in annualized savings by 2011 and expect to deliver more than half of the savings by the end of this year."

Coca-Cola's earnings would be even bigger if not for a strong U.S. dollar. Foreign exchange shaved 14 percent off its second quarter profits, the company said. As a U.S. company, Coca-Cola's foreign sales translate to fewer dollars when the dollar strengthens against foreign currencies. It expects another 12 to 14 percent charge during the third quarter.

Coca-Cola sells syrup to independent regional bottlers internationally, as well as fountain syrup to restaurants. It also directly markets bottled and canned tea, juice, and other soft drinks in almost all mar-

kets globally.

In a conference call with analysts this week, executives said that Coca-Cola would restart its share buyback program to repurchase up to \$1 billion worth of stock. The company put the program on hold last year to save cash in anticipation of buying Huiyuan Juice Group Ltd., a Chinese maker of juice products. Of course, that deal was nixed by Chinese authorities.

Even with the economic downturn, analysts expect Coca-Cola's business to continue thriving. Together with its bottlers, the company recently rolled out its "Vision 2020" plan to better tackle new markets and new products.

"Despite the very challenging macro environment KO appears to be on track to deliver on its long term guidance," Credit Suisse analyst Carlos Laboy wrote in a research note to clients on Tuesday.

## Future of business should 'not be governed by money, but by humanity'

By FLORIAN GODOVITS  
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Leading Austrian managers came together for a seminar last week to discuss the global economic crisis and solutions to help stabilize the markets. Fredmund Malik, the renowned economics professor and head of the Malik Management Center St.Gallen in St. Gallen, Switzerland, held a seminar called "Understanding the World Crisis—Finding Solutions and Overcoming the Crisis."

The Center pioneered the "system-oriented management theory" and trains global industry leaders throughout the year.

Professor Malik is one of those prescient economic minds that predicted the current economic crisis in the 1990s. Now, the world is saddled with this crisis and the outspoken Malik is proposing possible solutions.

"One will come to realize that the world is not governed by money, but by humanity," Malik said.

In fact, he is convinced of this, having drawn the financial and business experience from his more than 30 years of work with top executives worldwide.

Malik did not hesitate to speak critically about the current direction of the political and business elite.

"Leadership in today's era seems to consist only of giving speeches telling people how matters stand," he concluded.

True leadership, according to Malik, is totally different and doesn't need a "shining hero" or "high potential," as industry leaders often say, but top performers and efficient men of action.

"It is not necessary to be talented, but that one performs," he shared.

**MANAGEMENT INDEPENDENCE**  
Top management of a company must be disassociated from speculators and speculation, Malik argues. He was critical of all listed companies on stock exchanges, because Wall Street expectations—and the resultant stock valuations—bring unnecessary pressure and frustration to company managers. He advocates the European economic

Once the crisis has passed, 'We will have a different economic and societal system'

model. In Europe, firms that were not listed on the stock exchanges—in other words, private companies—realized two-thirds of all economic achievements and productivity. Private companies include more than small to medium-sized businesses. Many global conglomerates are also privately controlled.

"How much agony and bitterness I have noticed in all levels of a company below the CEO," Malik said wistfully during a question and answer session with local industry representatives after his speech.

In his opinion, business strategies tend to veer from reality at the upper management levels, because at that level, focus is turned toward

the price of stocks, prestige, and analyst expectations.

Malik deeply frowns upon the global economy and calls for companies to snap out of the current management trends, especially as the old strategies have proven to be inefficient in today's economy.

**'HARD LIQUOR FOR ALCOHOLICS'**  
Malik is less rosy than other experts on when he thinks the current economic recession will subside. He suggests that it will bottom out between the years 2012 and 2015, with intermittent rebounds during that time span. One such rebound is occurring today in the stock market. "One is reassured and has wishful thinking," Malik says, but the root of the issue has not been addressed.

To Malik, the cash injections provided by central banks around the world—including the U.S. Federal Reserve through its TARP program—are no more than "hard liquor for alcoholics." It might serve as a short-run fix, but is far from a long-term solution.

To truly fix the global economy, political and business leaders must change conventional thinking, unnecessary excesses, and decision making driven by short-term financial gains. Misconceived management methods by corporations, as well as by governments, preceded today's dilemma.

Once the crisis has passed, "We will have a different economic and societal system," Malik predicts.

He does not go into detail as to what one could expect and what that system would look like. But, he is certain that it will bring about a new understanding about building a business and community.

The basis of this community won't be money, but knowledge and understanding