

Google's kick-back payola from Obama White House breaks all records

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Google's kick-back payola from Obama White House breaks all records

- More insidious than House of Cards “Pollyhop”
- Nearly a trillion dollars of tax payer give-aways and competitor hit jobs
- Google avoids all law enforcement and regulation based entirely on “pass” from White House

Google Reaps Harvest of Obama Support

AP Photo/Jeff Chiu
by [Mike Flynn](#)

Internet giant Google has been one of the strongest political backers of President Barack Obama. As the Obama tenure in the White House comes to an end, several recent regulatory decisions have benefited Google handsomely.

The symbiotic relationship has been good for both Obama and the titans of Mountain View. In the 2012 election cycle, Google employees donated a [princely \\$804,249 to President Obama's re-election effort](#). Only employees at Microsoft and the University of California donated more, and each have more than double the number of employees as Google. In 2008, Google employees contributed \$817,855 to Obama's election campaign. Google's Eric Schmidt served on Obama's President's Council of Advisors on Science and Technology, and provided valuable input on Obama's 2012 campaign. Schmidt [helped the Obama campaign](#) recruit talent and coached the campaign manager on leadership. Schmidt even invested in a data start-up headed by veterans of the Obama campaign. Obama [also appointed a non-registered Google lobbyist](#), Vint Cerf, to the National Science Board. Last year, the *Wall Street Journal* reported that someone from Google attended a [meeting at the White House an average of once a week](#) throughout Obama's tenure in office. Now, in the final months of the second Obama term, Google has been the beneficiary of favorable decisions from federal agencies ranging from the Federal Communications Commission (FCC) to the National Highway Traffic Safety Administration (NHTSA). The FCC is handling its “set-top” box proceeding, ostensibly aimed at freeing TV viewers from expensive, restrictive contracts with cable providers, in a way that [would greatly benefit Google](#) whether seen from the perspective of giving Google a ton of new advertising data it currently lacks or giving the tech giant access to other entities' content on uniquely favorable terms. Because of Google's relationship with T-Mobile, depending on how the FCC handles its spectrum auction, the agency [could also be set to give the company](#) a big boost in that realm, too. Google itself will not participate in the auction, removing a potentially large bidder from the sale. Google has close ties with T-Mobile, however, and the wireless carrier will be bidding on the auction. And the FCC is also doing Google a big favor in pre-empting states from regulating Google Fiber. As Google's [own lawyer has noted](#), regulating Google under the federal Title II could give the company access to other companies' hard infrastructure, such as telephone poles—a big boost to Google. Meanwhile, NHTSA is giving Google and its self-driving cars another regulatory handout. According to [Reuters](#), “NHTSA will interpret ‘driver’ in the context of Google's described motor vehicle design as referring to the (self-driving system), and not to any of the vehicle occupants,” something that increases the commercial viability of Google's driverless cars substantially. In other words, the Google's on-board computer will be considered by the Feds to be a “driver,” clearing lots of hurdles for self-driving cars to hit the road. Another big benefit to Google was announced by President Obama himself, [when he announced](#) the company would be the first American Internet Service Provider to be let into Cuba. Critics also allege that Google may be benefiting from the creation of new [“Digital Attaches”](#) at U.S. Embassies abroad, and from terms of free trade agreements sought by the Obama administration. Earlier this year, the federal government announced an end to its nearly two-year anti-trust investigation of Google's search business. In a break with precedent, [the FTC accepted voluntary changes](#) from the company rather than a formal consent decree. One FTC Commissioner even warned that the lack of a consent decree freed Google to reinstate anti-competitive practices at any time. Of course, there's nothing wrong with anyone—corporation or individual—advocating for their position and benefiting from sound, limited government policy. In Google's case, however, they provided critical support for President Obama's election. The President has pursued a heavy, interventionist policy in almost every other industry sector. Google has not only escaped the heavy hand of government regulation, but, in a number of cases, it has benefitted from specific government decisions that have helped its businesses. That looks a lot less like an individual entity benefiting from free markets and a lot more like buying special, pricey favors, to the potential disadvantage of competitors. In other words, a kind of high-tech crony capitalism. One wonders if you can google that.

Google's Android Targeted by EU Over Mobile Search Curbs

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EU Sends Objections Over Android Pacts With Manufacturers

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- EU sends objections over Android pacts with manufacturers
- Pre-loaded software pushes users to Google Search, EU says

Google was accused of wielding its power as the world's leading phone software supplier to impose its search and Web programs on billions of mobile users as European Union regulators took another swipe at the U.S. technology giant. The European Commission [sent](#) Google a formal antitrust complaint, accusing the company of striking restrictive contracts that require makers of tablets and phones to install its search and Web browser on new phones. The company also unfairly pays phone makers and telecom operators a share of advertising revenue if they agree to make Google's search engine the default on devices, the EU said Wednesday. “What we found is that Google pursues an overall strategy on mobile devices to protect and expand its dominant position in Internet search” with unjustified restrictions and conditions on phone makers and carriers, EU Competition Commissioner Margrethe Vestager told reporters. “Over half of Internet traffic takes place on mobile devices.” By sending a statement of objections, the EU is opening a new front in its antitrust battle with the Alphabet Inc. unit — paving the way for potentially huge fines and radical changes to the way the company does business. It comes a year after the EU issued a [formal complaint](#) over Google's comparison-shopping service.

Free, Open

Google countered the EU charges, saying that Android is a “free and open-source operating system.” “Our partner agreements are entirely voluntary,” Kent Walker, the Mountain View, California-based company's general counsel, [said](#) in a statement. “We look forward to working with the European Commission to demonstrate the careful way we've designed the Android model in a way that's good for competition and for consumers.” Google is in the EU's sights more than a decade after regulators took aim at Microsoft Corp. for tying a media player to its bestselling computer operating system. While some things have changed since then, Google's efforts are “a strategy to keep and expand” its power in search by nudging Android users toward Google's mobile search, Vestager said. Microsoft fought hard against EU charges, coughing up 2.24 billion euros (\$2.5 billion) in four installments over 10 years and losing a challenge in court.

Market Domination

Android is loaded on most of the world's smartphones and tablets -- usually along with Google's e-mail, maps and video software. The EU argues that users rarely bother to download alternatives to the apps that come on a new device, meaning Google's deals ensure its free Web and search software grab attention -- and the advertising revenue that powers the Internet.

The Android software for smartphones has been in the EU's sights since 2013 after an industry group backed at the time by Microsoft Corp. and Nokia Oyj filed a complaint with regulators. The EU opened a formal probe last year that looks at Google's anti-competitive practices on mobile since 2011.

That complaint focused on Google's mobile application development agreements, such as those with handset makers Samsung Electronics Co. and HTC Corp., which require developers to use Google's proprietary Play Services software. Manufacturers must also strike anti-fragmentation agreements to use the Play Store apps, which prevents them making their own versions of Android.

Financial Incentives

The EU is also looking at Google's financial incentives -- revenue sharing agreements for manufacturers and telecom operators that agree to its terms. It wouldn't say how much was at stake but that income needed to be significant to keep companies within the Google ecosystem. The case doesn't extend to the [hefty fee](#) paid to Apple Inc. to keep its search bar on the iPhone.

[Click here for a timeline of Google's Skirmishes with EU's antitrust regulator](#)

The EU case raises a potential threat to Android, and Google's reach to "virtually every non-iPhone user in the world," said James Cakmak, an analyst at Monness Crespi Hardt & Co., who rates Alphabet's stock a buy.

"The most extreme consequence is some sort of unbundling or separation of Google Services from Android," Cakmak said. "Limiting your ability to collect data would limit your ability to target users, which is what Google does -- get the right ad in front of you at the right time."

Buyer Experience

Google said last year that its agreements with phone manufacturers are voluntary and allow Android to be used without Google apps. Agreements to prevent fragmentation ensure that apps work well on all Android devices while distribution deals give users "a great 'out-of-the-box' experience with useful apps right there on the home screen," the company said.

The EU probe showed it's "commercially important" for device makers using Android to put Google's Play Store -- where customers download apps -- on phones. Loading handsets with Google Search and the Chrome browser is a pre-condition for licenses to use the Play Store, the EU says, meaning that rival search engines or Web software cannot become a default on most phones sold in Europe.

Vestager said Google now has 12 weeks to submit a formal response to Wednesday's complaint. Even though the threat of fines persists, she said Google could easily address the EU's concerns.

"The remedy in this case is basically quite simple -- it's to stop these practices," she said.

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