HOW GOOGLE BOUGHT WASHINGTON, DC

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Google, once disdainful of lobbying, now a master of Washington influence

Google's Eric Schmidt is no stranger to D.C. He has spent lots of time at the White House and on Capitol Hill lobbying on behalf of his titan technology company. But his relationship with Washington and the Obama administration has not always been a comfortable one.

Written by Tom Hamburger Matea Gold

In May 2012, the law school at George Mason University hosted a forum billed as a "vibrant discussion" about Internet search competition. Many of the major players in the field were there — regulators from the Federal Trade Commission, federal and state prosecutors, top congressional staffers.

What the guests had not been told was that the day-long academic conference was in large part the work of <u>Google</u>, which maneuvered behind the scenes with GMU's <u>Law & Economics</u>

<u>Center</u> to put on the event. At the time, the company was under FTC investigation over concerns about the dominance of its famed search engine, a case that threatened Google's core business

In the weeks leading up to the GMU event, Google executives suggested potential speakers and guests, sending the center's staff a detailed spreadsheet listing members of Congress, FTC commissioners, and senior officials with the Justice Department and state attorney general's offices.

"If you haven't sent out the invites yet, please use the attached spreadsheet, which contains updated info," Google legal assistant Yang Zhang wrote to Henry Butler, executive director of the law center, according to internal e-mails obtained by The Washington Post through a public records request. "If you've sent out the invites, would it be possible to add a few more?"

Butler replied, "We're on it!"

On the day of the conference, leading technology and legal experts forcefully rejected the need for the government to take action against Google, making their arguments before some of the very regulators who would help determine its fate.

The company helped put on two similar conferences at GMU around the time of the 18-month investigation, part of a broad strategy to shape the external debate around the probe, which found that Google's search practices did not merit legal action.

The behind-the-scenes machinations demonstrate how Google — once a lobbying weakling — has come to master a new method of operating in modern-day Washington, where spending on traditional lobbying is rivaled by other, less visible forms of influence.

That system includes financing sympathetic research at universities and think tanks, investing in nonprofit advocacy groups across the political spectrum and funding pro-business coalitions cast as public-interest projects.

The rise of Google as a top-tier Washington player fully captures the arc of change in the influence business.

Nine years ago, the company opened a one-man lobbying shop, disdainful of the capital's pay-to-play culture.

Since then, Google has soared to near the top of the city's lobbying ranks, placing second only to General Electric in corporate lobbying expenditures in 2012 and fifth place in 2013.

The company gives money to nearly 140 business trade groups, advocacy organizations and think tanks, according to a Post analysis of voluntary disclosures by the company, which, like many corporations, does not reveal the size of its donations. That's double the number of groups Google funded four years ago.

This summer, Google will move to a new Capitol Hill office, doubling its Washington space to 55,000 square feet — roughly the size of the White House.

Google's increasingly muscular Washington presence matches its expanded needs and ambitions as it has fended off a series of executive- and legislative-branch threats to regulate its activities and well-funded challenges by its corporate rivals.

Today, Google is working to preserve its rights to collect consumer data — and shield it from the government — amid a backlash over revelations that the <u>National Security Agency</u> tapped Internet companies as part of its surveillance programs. And it markets cloud storage and other services to federal departments, including intelligence agencies and the Pentagon.

"Technology issues are a big — and growing — part of policy debates in Washington, and it is important for us to be part of that discussion," said Susan Molinari, a Republican former congresswoman from New York who works as Google's top lobbyist. "We aim to help policymakers understand Google's business and the work we do to keep the Internet open and spur economic opportunity."

Molinari added, "We support associations and third parties across the political spectrum who help us get the word out — even if we don't agree with them on 100 percent of issues."

Susan Molinari, a Republican former congresswoman from New York, works as Google's top lobbyist in Washington.

As Google's lobbying efforts have matured, the company has worked to broaden its appeal on both sides of the aisle. Executive Chairman Eric Schmidt is a well-known backer of President Obama and advises the White House. Google's lobbying corps — now numbering more than 100 — is split equally, like its campaign donations, among Democrats and Republicans

Google executives have fostered a new dialogue between Republicans and Silicon Valley, giving money to conservative groups such as Heritage Action for America and the Federalist Society. While also supporting groups on the left, Google has flown conservative activists to California for visits to its Mountain View campus and a stay at the Four Seasons Hotel.

The company has also pioneered new and unexpected ways to influence decision-makers, harnessing its vast reach. It has befriended key lawmakers in both parties by offering free training sessions to Capitol Hill staffers and campaign operatives on how to use Google products that can help targetvoters.

Through a program for charities, Google donates in-kind advertising, customized YouTube channels and Web site analytics to think tanks that are allied with the company's policy goals.

Google "fellows" — young lawyers, writers and thinkers paid by the company — populate elite think tanks such as the Cato Institute, the Competitive Enterprise Institute and the New America Foundation.

To critics, Google's investments have effectively shifted the national discussion away from Internet policy questions that could affect the company's business practices. Groups that might ordinarily challenge the policies and practices of a major corporation are holding their fire, those critics say.

"Google's influence in Washington has chilled a necessary and overdue policy discussion about the impact of the Internet's largest firm on the future of the Internet," said Marc Rotenberg, a Georgetown University law professor who runs the Electronic Privacy Information Center, a watchdog and research organization.

Some with deep ties to the company say that Google's embrace of aggressive lobbying was a necessary concession to the realities of Washington.

"I don't fault Google for playing that game, in which big companies use their money to buy advocates and allies," said Andrew McLaughlin, who served as Google's first director of global public policy in Washington. "Given where the company is today, the fiduciary duty it has to shareholders and the way Washington works, it's a rational judgment."

Google goes to lunch

An early sign of Google's new Washington attitude came in September 2011, when executives paid a visit to the Heritage Foundation, the stalwart conservative think tank that has long served as an intellectual hub on the right, to attend a weekly lunch for conservative bloggers.

The session took place at a critical juncture for the company

Days earlier, Schmidt had endured a rare and unnerving appearance on Capitol Hill, where he was lectured by a Republican senator who accused the company of skewing search results to benefit its own products and hurt competitors. The FTC antitrust inquiry was underway. And, in what Google saw as a direct threat to the open Internet, major lobbies such as the U.S. Chamber of Commerce and the Motion Picture Association of America were mounting a legislative campaign to place restrictions on the sale of pirated music and movies. The effort was getting bipartisan traction in the House and the Senate.

Google Executive Chairman Eric Schmidt testifies before a Senate Judiciary antitrust subcommittee in September 2011. (Chip Somodevilla/Getty Images)

Inside Google's Washington headquarters, a handful of lobbyists were crafting what they called the "Republican strategy" to defeat the legislation. Their approach: build conservative opposition based on the right's distaste for regulation. They also seized on an obscure provision that they told Republicans would be a boon for trial lawyers, a Democratic constituency.

As the campaign took shape, there was a building sense within the company that it needed to beef up its firepower on the Hill. That fall, Google's first Washington lobbyist, a computer scientist and lawyer named Alan Davidson, a Democrat, would announce his resignation, replaced a few months later by the former GOP lawmaker, Molinari.

In their visit to Heritage that day, Google officials were eager to make new friends. Their challenge was instantly clear.

"In 2008, your CEO campaigned for Barack Obama," said Mike Gonzalez, Heritage's vice president for communications, according to a video of the event. "... As a company, you're really identified with this administration from the beginning. And you come here and you're like a mix of Milton Friedman and Friedrich Hayek."

Adam Kovacevich, then a member of Google's policy team, responded by stressing the company's interest in building new alliances.

"One of the things we've recognized is that no company can get anything done in Washington without partnerships on both sides of the aisle," he said.

He noted the recent hiring of Lee Carosi Dunn, one of several former top aides to Sen. John McCain (R-Ariz.) brought on by the company.

Dunn, addressing the audience, promised "a lot of reach-out to Republicans."

"I think it's another lesson young companies that come to Washington learn — you can't put all your marbles in one basket," Dunn said. Referring to the editor of the conservative Weekly Standard, Dunn added: "Look, even Bill Kristol was walking around wearing Google glasses. We're making strides!"

The Google-Heritage relationship soon blossomed — with benefits for both.

A few weeks after the blogger session, Heritage researcher <u>James L. Gattuso penned a critique</u> of the antitrust investigation into Google, praising the company as "an American success story."

That winter, Heritage joined the chorus of groups weighing in against the anti-piracy legislation. As the bill, the Stop Online Piracy Act, appeared to gain steam in the GOP-led House, Gattuso wrote a piece warning of "unintended negative consequences for the operation of the Internet and free speech." The legislation, he said, could disrupt the growth of technology. Gattuso said he came to his position independently and was not lobbied by Google.

After Gattuso's piece went live, Heritage Action, the think tank's sister advocacy organization, quickly turned the argument into a political rallying cry. In terms aimed at tea party conservatives, the group cast the bill as "another government power grab."

In mid-January 2012, Heritage Action designated the legislation a "key vote" it would factor into its congressional race endorsement decisions — heightening the pressure on Republicans.

The next day, leading Internet sites, including Wikipedia, went dark as part of an online blackout protesting the bills.

Google turned its iconic home page into a political platform for the first time, urging users to sign a petition against the legislation. Seven million people added their names, and many of them added their e-mails, creating a valuable activist list for Google to mobilize then and in later fights.

As congressional offices were flooded with phone calls and e-mail protests, support for the legislation crumbled. Within days, both the House and Senate versions of the bill were shelved and Hill veterans were left marveling at the ability of Google and its allies to muster such a massive retail response.

For Google and Heritage, the legislative victory was the beginning of a close relationship. A few months later, Google Ideas and the Heritage Foundation co-hosted an event focused on the role the Internet could play in modernizing Cuba, featuring Sen. Marco Rubio (R-Fla.) and Google Ideas director Jared Cohen.

The following year, a new name popped up on Google's list of groups it supports financially: Heritage Action.

GMU conferences

Facing a broad and potentially damaging FTC probe, Google found an eager and willing ally in George Mason University's Law & Economics Center.

The center is among the academic programs at universities such as Harvard and Stanford that have benefited from Google's largesse. For the past several years, the free-market-oriented law center has received an annual donation from the company, a grant that totaled \$350,000 last year, according to the school.

Google's relationship with the law center proved helpful in the summer of 2011 as speculation mounted that the FTC was going to launch an antitrust investigation of the tech giant. The company's rivals, including Microsoft and Yelp, were aggressively pressing arguments that Google was exploiting its dominance in the search business.

On June 16, 2011, Google and the law center put on the first of three academic conferences at the GMU law school's Arlington County campus, all focusing on Internet search competition. It was eight days before the company announced it had received formal notification it was under FTC investigation.

Google was listed as a co-sponsor of the day-long forum, but some participants were still struck by the number of speakers who took a skeptical view of the need for antitrust enforcement against the company, according to people in attendance.

The keynote address was by Google engineer Mark Paskin, who delivered a lunchtime speech titled "Engineering Search."

A few days later, Christopher Adams, an economist in the FTC's antitrust division who later worked on the Google investigation, e-mailed Butter, the law center's director, to thank him for putting on the conference. "I think it was one of the best policy conferences that I've been too [sic]," Adams wrote, praising Paskin's talk as "excellent."

Adams declined to comment for this article, referring questions to the FTC press office.

FTC spokesman Justin Cole said the agency's staffers "are required to adhere to established federal government ethics rules and guidelines. Attendance and participation in the 2011 and 2012 GMU conferences by our staff adhered to these guidelines."

As the agency's investigation stretched into its second year, the staff and professors at GMU's law center were in regular contact with Google executives, who supplied them with the company's arguments against antitrust action and helped them get favorable op-ed pieces published, according to the documents obtained by The Post.

The school and Google staffers worked to organize a second academic conference focused on search. This time, however, Google's involvement was not publicly disclosed.

Months before the event, Zhang, the Google legal assistant, e-mailed Chrysanthos Dellarocas, a professor in the Information Systems Department at Boston University's School of Management, to suggest he participate. Dellarocas had received \$60,000 in 2011 from Google to study the impact of social networks on search.

"We'd love for you \dots to submit and present this paper, if you are interested and willing," she wrote.

When GMU officials later told Dellarocas they were planning to have him participate from the audience, he responded that he was under the impression from "the folks at Google who have funded our research" that they wanted him to showcase his work at the event. He said he wanted "to be in compliance with our sponsor's expectations."

Dellarocas, who had a schedule conflict and ultimately did not attend, told The Post that while Google occasionally checked on his progress, the company did not have any sway over his research

"At no point did they have any interference with the substance of my work," he said.

Even as Google executives peppered the GMU staff with suggestions of speakers and guests to invite to the event, the company asked the school not to broadcast its involvement.

"It may seem like Google is overwhelming the conference," Zhang fretted in an e-mail to the center's administrative coordinator, Jeffrey Smith, after reviewing the confirmed list of attendees a few weeks before the event. She asked Smith to mention "only a few Googlers."

Smith was reassuring. "We will certainly limit who we announce publicly from Google," he replied.

A strong contingent of FTC economists and lawyers were on hand for the May 16, 2012, session, whose largely pro-Google tone took some participants aback. "By my count, out of about 20 panelists and speakers, there were 31 / 2 of us who thought the FTC might have a case," said Allen Grunes, a former government antitrust lawyer who served on a panel and described the conference as "Google boot camp." Grunes said he was not aware of Google's role organizing the event until informed of it by a Post reporter.

Daniel D. Polsby, dean of GMU's School of Law, which houses the center, said that while Google provided suggestions, the agenda and speakers were determined by university staffers. "I think it would misrepresent this conference to suggest that it was a Google event," he said, adding that the law center discloses on its Web site the support it gets from Google and other corporations.

Google declined to comment about the conferences.

In January 2013, after an investigation that spanned more than a year and a half, the FTC settled the case with Google, which agreed to give its rivals more access to patents and make it easier for advertisers to use other ad platforms.

But when it came to the charges that Google biased its search results to promote its own products, the five FTC commissioners all voted to close the investigation, saying there was no evidence the company's practices were harming consumers.

Jon Leibowitz, then the chairman of the agency, said in an interview that the FTC was not affected by Google's campaign, noting that the company's rivals were waging a parallel effort on the other side.

"it didn't bother me that a lot of people were building events around the possibility of the FTC investigation," said Leibowitz, who has since left the FTC. "That's sort of life in the big city, and both sides were doing it."

Sen. Marco Rubio (R-Fla.) discuss	s the U.S. economy in a March speech at a Jack Kemp Foundation forum at Google's Washington offices.	
, ,	s the U.S. economy in a March speech at a Jack Kemp Foundation forum at Google's Washington offices. (T.J. Kirkpate While also supporting groups on the left, Google has courted conservative groups and lawmakers in recent years.	rick/For The Washington Post)

Attendees listen to Rubio's speech. While also supporting groups on the left, Google has courted conservative groups and lawmakers in recent years. (T.J. Kirkpatrick/For The Washington Post)

NSA fallout

On a February night this year, Schmidt sat down with a Washington audience far friendlier than the panel of senators who had grilled him nearly three years earlier. Addressing a dinner of journalists and scholars at the libertarian Cato Institute, Schmidt received applause and lots of head-nodding as he declared, "We will not collaborate with the NSA."

Cato was not always in sync with Google's policy agenda. In previous years, the think tank's bloggers and scholars had been sharply critical of the company's support for government rules limiting the ways providers such as Comcast and Verizon could charge for Internet services.

But, like manyinstitutions in Washington, Cato has since found common ground with Google.

And the think tank has benefited from the company's investments, receiving \$480,000 worth of in-kind "ad words" from Google last year, according to people familiar with the donation.

Schmidt's message to Cato that night in February reflected the current focus of Google's energy — containing the fallout from revelations by NSA leaker Edward Snowden.

As the public's outrage has grown, the tech giant has tried to keep the focus on limiting government surveillance, not on the data collection done by private companies. A White House review of those issues is expected to be released this coming week.

A campaign against government spying, meanwhile, is in high gear, drawing together some unexpected bedfellows. The American Civil Liberties Union, Heritage Action, Americans for Tax Reform and the Center for Democracy & Technology have formed a coalition calling for the government to obtain a probable-cause warrant before getting access to e-mails and other electronic data.

The coalition, $\underline{\mbox{Digital 4th}},$ is funded by Google

Alice Crites contributed to this report.

All of the big well-known search engines (google, Ask, Bing, etc.) are now operated by special interest groups and bulk data harvesting conglomerates who have modified the algorithms to steer the perspectives they want you to have at you, and not the information you want to find.

They cut our candidates, policy issues and competitors that they are against and emphasize those that they support in the search results.

The creation of digital sheep is a subtle process of steering their points of view to the first bunch of response pages and burying perspectives, that they don't want you to get, to 20 pages back. Spy agencies say that any average person can be brainwashed in 5 days with "effective techniques". Compromised search engines are VERY "effective techniques".

If you must use a "main stream" search engine, click on pages 15, or later first, for any hope of getting fair research.

A number of start-ups and university groups are working on 100% unbiased search engines that will agree to warrant and guarantee zero-manipuation but they are not fully online yet.

When you you type in the manipulated search engines, you are just asking them to:

- Archive your interests and personality type.
- Sell you stuff based on their privacy harvesting of your personal information.
- Come up with search results that slowly start to get you think like their financial backers also think.
- Avoid showing you search results that conflict with the interests of their financial backers.

It is virtually impossible to now find a database that has <u>not</u> been hacked into multiple times, mostly by bored 14 year olds. Current network hardware is full of archaic "back-doors" and current software for networks is as secure as your cookie jar. Never fully trust a system connected to the internet if you must interact with it.