The statement also outlined Google's strategy for its operations in China, emphasizing the protection features it had put in place to minimize the harmful effects that its filtering system would have on information seekers. First, Chinese users would be notified when their search had been altered by the filtering system. Second, services such as GMail, chat rooms, and blogging—all involving users' personal information—would not yet be offered out of concern that the Chinese government could demand such information, as it had from Yahoo in prior instances. Third, large investments would encourage continued research and development within China.[25]

For Representative Tom Lantos, head of the House International Relations Committee, the statement was not enough. "These massively successful high-tech companies, which couldn't bring themselves to send representatives to this meeting today, should be ashamed," he said. "They caved in to Beijing for the sake of profits."[26]

A follow-up February 15 hearing was demanded by Representative Chris Smith, and before Congress could follow through on its threats to subpoena the four major companies, all indicated their plans to attend.

PRESSURE FROM SHAREHOLDERS AND CHINA

In the weeks leading up to the caucus hearing, Google's stock had already fallen nearly 7.5 percent, from a high of $471.63 on January 11, which the company partly blamed on the Department of Justice request. Although the January 25 announcement to enter the Chinese market had been met favorably by investors, the release of poor final numbers in the fourth quarter of 2005 marked the first time Google had missed its earnings expectations, causing the stock to open with a loss in value of nearly $15 billion the morning of the caucus hearing. It would hit another low on the day of the hearing, falling to $342.40.

In addition to its problems at home, Google found itself facing further headaches in China. A state-run newspaper would soon report that Google was under investigation by Chinese authorities for operating in China without a proper license[27] and, in an accompanying editorial, criticize Google for entering the Chinese market, only to complain about being required to follow Chinese law.

Chinese authorities had recently begun pressuring Google to eliminate the very protective measures the company had hung its hat on in its original statement to the caucus. The government wanted the notification that appears on the bottom of every filtered page gone, wanted to cut off roundabout access to Google's unfiltered search engine, and demanded that the company offer GMail and blogging services.[28]

Page, Brin, and Schmidt had continued to argue that the benefits outweighed the costs of entering China. In a statement defending Google's original January 25 announcement, Senior Policy Counsel Andrew McLaughlin said, "While removing search results is inconsistent with Google's mission, providing no information—or a heavily degraded user experience that amounts to no information [which is what the Chinese government had been providing]—is more inconsistent with our mission."[29]

Vint Cerf, who holds the title of Chief Internet Evangelist at Google, further justified the move in an interview. "There's a subtext to 'Don't be evil,'" he said, "and that is 'Don't be illegal.'"[30] As McLaughlin explained it on Google's blog, "We ultimately reached our decision by asking ourselves which course would most effectively

[25] "Google Censors Itself for China," BBC News, January 25, 2006, http://news.bbc.co.uk/1/hi/technology/4645596.stm.

[26] "Lawmakers Blast Internet Firms over China."

[27] Philip Pan, "Chinese Media Assail Google," *The Washington Post*, February 22, 2006, p. A09.

[28] Ibid.

[29] John Yang, "Google Defends Censorship of Web Sites," ABC News, January 25, 2006, http://abcnews.go.com/Technology/print?id=1540568.

[30] Ignatius, "In Search of the Real Google."