

# China vs Facebook: Intimate rivals

January 22 2014, by Kerry Brown

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A couple of years ago I was part of a group visiting the mighty companies of Silicon Valley in California. The purpose of the trip was to understand the views of organisations such as Facebook, Apple and LinkedIn about their international role. It was clear that China figures in all of their worlds. No wonder, for the country represents a potential market of over a billion people, who - according to most available data - look healthily addicted to social media. As many as 900 million mobile-phone users, and over half a billion who surf the internet every day, is a lure too large to ignore.

But where China is concerned, the business plans of such companies face an equally big obstacle: the Communist Party of China (CPC), which stands resolutely between them and the vast numbers of eager users of their products. The CPC has its blind-spots, but it is clear-eyed over the value inherent in its people and their rising consumptive capacity. The idea that it would sell access to this precious resource cheaply, so that it became an economic asset that benefited others, is preposterous. As Facebook, in particular, has found out.

Indeed, a senior executive from Facebook briefly met us on that visit. He accepted that the collection of detailed personal information from the company's users, albeit by consent, raises complex legal and moral issues. But with a billion subscribers, who was complaining? At one point in 2011, 400 million were on Facebook at a single moment. This offers the most powerful answer to anyone criticising the company - the world is voting with its fingers, argue with that!

Even so, the single issue that I recall slightly dampening this executive's mood was the map of Facebook usage across the globe. Everywhere, from rural Africa to the hinterland of Australia, clusters of small dots signified the network's users. Everywhere, that is, except a vast, empty blank space more widely known as China, where Facebook was, and remains, stringently blocked.

This blockage might be interpreted as a sign of how threatened the CPC is by the potential seeds of freedom that [social media](#) bring. But, as digital-technology analyst Evgeny Morozov has shown, that would be naïve. The CPC has been more than capable of containing the threats of cyberspace and new information technology. It has done so by translating its guerrilla tactics from its distant but still potent wartime past to the virtual world, leading it to isolate and target what it sees are the main dangers while allowing everything else. So far, this plan has worked.

The CPC's determination to prevent a company like Facebook from operating in China reflects a calculation rooted in its modern character. It sees no reason to have a foreign business enter its space and make easy profits when an indigenous company can do the same thing. Facebook, in the end, is simply a network; and the CPC is more than capable in a society as densely networked as China both of supplying the same thing and taking a deep cut of the proceeds.

## **The next decade**

The rivalry is also oddly intimate. In a way it's because they are so similar that the CPC and Facebook can't have a harmonious relationship. With its billion or so users, Facebook is the only entity in the planet that has the same number of "citizens" as the PRC. More to the point, it has the same kind of opaque, superficially egalitarian but in fact vigorously hierarchical structure as the CPC, where everyone is equal but real

power is in the hands of the very, very few. And both owe their phenomenal success to a remorseless focus on one key strategic objective - for Facebook, increasing the number of its users, for the CPC, pumping out GDP growth.

Yet all this is about to change. For a company like Facebook, Edward Snowden's revelations raise issues of trust in whatever you put online and thus make things much more complicated. And for the CPC, the era of double-digit growth is now over. Both are moving rapidly into worlds that are more testing for them, where the challenges are sharper, and the simplicity of their strategic objective is compromised and questioned.

Even so, looking a decade down the line, it is worth assessing which will fare better - the self-proclaimed digital carrier of free expression and personal networking, or the deliverer of Marxism-Leninism with Chinese characteristics. My guess is that if the CPC were to float some stock tomorrow on the foreign exchanges, it would be a better investment than its would-be nemesis in California.

The forecast comes with a cost: of admitting that the most phenomenally successful creator of profit in the 21st century has not been a Silicon Valley business but a political party enjoying a monopoly of power in the last major country in the world under a communist system. More than anything else, this must be the deepest irony of the age.

Provided by University of Sydney

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