



**Written Testimony of Adam Cohen  
Director, Economic Policy, Google LLC**

**House Judiciary Committee  
Antitrust, Commercial and Administrative Law Subcommittee  
“Online Platforms and Market Power, Part 2: Innovation and Entrepreneurship”  
July 16, 2019**

Chairman Cicilline, Ranking Member Sensenbrenner, and distinguished members of the Committee: thank you for the opportunity to appear before you today to discuss important questions about competition, innovation, and the dynamism of the U.S. economy.

My name is Adam Cohen, and I am Director of Economic Policy at Google. In my role, I lead our public policy work on antitrust issues. For almost a decade, I have been working with governments, legislators, and regulators around the world, discussing the competitive dynamics of the technology sector and our own products and services.

Google was founded in 1998 by two students who had a big idea: Organize the world’s information and make it universally accessible and useful. In their earliest form, Google’s search results were just 10 blue links on a webpage. Twenty years later, we provide our users with richer results, including direct answers to questions, pinpoints on a map when they search for an address, and direct links to flights, products, and a range of other information.

As a responsible and successful company, we understand the importance of discussing how we operate and how we compete. We regularly work with governments to discuss our products, services, and operations. In my testimony today, I will focus on four key areas we hope the Committee will consider: (i) the value Google provides for consumers and businesses; (ii) our advances in research and development; (iii) the state of investment, new business formation, and competition; and (iv) the tech sector's wider contributions to America's economic growth.

### **Google's Value for Consumers and Small Businesses**

Google's products and services, including Search, Google Ads, Android, Google Maps, Gmail, YouTube, Google Cloud, the Chrome browser, Google Photos, our Nest and Pixel devices, and more, provide significant value to a wide range of consumers and businesses across the country. And we believe strongly in the need to invest in the American economy. We're proud that our tools and products helped create \$335 billion in economic activity for millions of businesses, website publishers, and nonprofits across the U.S. in 2018. Firms that once operated in a local or regional market now reach national and international customers. There are too many success stories to count, but here are three examples:

- Georgia-based Okabashi runs Google Shopping campaigns, uses Google Analytics to monitor its web traffic, and fields reviews from happy customers with Google My Business. Okabashi has grown to 200 employees and sold over 35 million pairs of shoes.
- Rhode Island-based Crisloid, a classic-game manufacturer and wholesaler, uses Google Ads to find new customers. They've been in business for 70 years, and they say they've seen a 500 percent return on their investment in advertising with Google.

- Skinny Sticks Maple Syrup, a veteran-owned Wisconsin business, launched a Google Ads campaign to reach people searching for pure maple syrup or similar products. Skinny Sticks now moves 2,925 gallons of maple syrup each month and sells to customers in six countries and counting.

Across the wider business sector, the share of GDP going to advertising in media has dropped by roughly 25 percent in the U.S. since 2000.<sup>1</sup> That's because digital ads are more relevant for users and more efficient for merchants. A recent report showed that for every \$3 spent on digital advertising, advertisers would have to spend \$5 on print advertising to get the same impact. The benefits of these lower prices flow directly to businesses and consumers.<sup>2</sup>

The economic impact of Google's products and services is complemented by our direct investments in the American economy. Last year, we hired more than 10,000 people in the U.S. and invested over \$9 billion in data centers and offices across the country. We have expanded within the U.S. to find new talent, improve the products and services we offer, and ensure our business works for everyone. In February, we announced plans to invest an additional \$13 billion this year in U.S. data centers and offices, with major expansions in 14 states. These new investments will give us the capacity to hire tens of thousands of additional employees, and enable the creation of more than 10,000 new construction jobs in places like Ohio, Oklahoma, South Carolina, Nebraska, Nevada, Texas, and Virginia. With these additional investments, Google will now have a home in 24 states, including data centers in 13 communities.

---

<sup>1</sup> Progressive Policy Institute, *The Declining Price of Advertising: Policy Implications* (2019), <https://www.progressivepolicy.org/issues/government-reform/the-declining-price-of-advertising-policy-implications/>.

<sup>2</sup> *Id.*

## **Google's Research, Development, and Innovation**

Technology companies are America's largest spenders on research and development, reflecting robust competition. Google last year spent \$21.4 billion on research, development, and related areas, three times more than in 2013.

Our continuing investments spur innovation that improves our own products and services. They also support and accelerate innovation by others. We share many of the results of our research and new technologies with broad communities of developers for use in their own applications and services. We have published over 5,000 research papers, including more than 2,000 in the last three years, in areas including algorithms, distributed systems, machine learning, robotics, and privacy and security. We have open-sourced technology platforms such as Android, TensorFlow, and Chromium, and we are the largest contributor of open-source code to GitHub, a shared repository for software development.

We are committed to advancing computer science and engineering work, developing new and improved applications. We are pioneering artificial intelligence and machine learning applications ranging from detecting cancer to improving automotive safety. Our teams are improving internet and mobile connectivity in both urban and rural communities. Our scientists and engineers are pursuing research in other advanced areas, ranging from chip design to quantum mechanics. And the annual Google Science Fair creates opportunities for students from around the country and the world to share their experiments and research.

## **New Investment, New Business Formation, and the Competitive Environment**

When it comes to the tech sector as a whole, we continue to see record-setting venture capital activity, with over 8,000 venture-backed companies raising more than

\$130 billion in financing last year — the highest amount in over a decade.<sup>3</sup> Similarly, the technology sector has had one of the highest rates of business formation and job creation in the country over the past three decades.<sup>4</sup> Silicon Valley Bank states in a recent report that 69 percent of startups surveyed successfully raised capital and the number that plan to hire is at a five-year high.<sup>5</sup>

Former Google employees have built more than 2,000 start-ups, and the U.S. continues to be the home of so-called “unicorns” — businesses that came from nowhere and are now each valued at over \$1 billion. In the first quarter of 2019, a record 147 private American companies reached this status.<sup>6</sup> These companies had a combined value of \$582 billion in the first quarter of the year, the highest aggregate value ever recorded.<sup>7</sup> Over the past decade, this list has included AirBnB, Lyft, Pinterest, Plaid, Reddit, Square, Stripe, Snap, WeWork, Uber, and many more. That’s a rate of new business success unrivalled in the U.S. economy, creating new companies that compete with established technology businesses across many areas.

Beyond competition from emerging firms, we compete against other large tech firms in a wide range of business activities. Competition extends across many existing and developing fields: operating systems, mobile devices and applications, voice assistants, artificial intelligence and machine learning, virtual reality, enterprise services, cloud computing, office applications, digital advertising, mobile, video sharing, and much more.

In our core search business, consumers can choose among a range of options: Bing, DuckDuckGo, Yahoo, and many more. Specialized search services are strong

---

<sup>3</sup> PitchBook-NVCA, [Venture Monitor](#).

<sup>4</sup> Hathaway, Tech Starts: High-Technology Business Formation and Job Creation in the United States (2013), [kauffman.org/-/media/kauffman\\_org/research-reports-and-covers/2013/08/bdstechstartsreport.pdf](http://kauffman.org/-/media/kauffman_org/research-reports-and-covers/2013/08/bdstechstartsreport.pdf)

<sup>5</sup> Silicon Valley Bank, US Startup Outlook 2018, [svb.com/startup-outlook-report/us](http://svb.com/startup-outlook-report/us).

<sup>6</sup> CB Insights, [Venture Capital Funding Report Q1 2019](#)

<sup>7</sup> *Id.*

competitors, too, including companies like Amazon, eBay, Kayak, Travelocity, Yelp, and others. As an example, a survey last year showed that 54 percent of US product searches started on Amazon.<sup>8</sup> And in the last several years, it has become even easier to create new, competing search services. Merchants have low barriers to entry and use standardized data formats to put their product listings online. The same holds true in other categories like flights, hotels, and restaurants.

## **The Tech Sector's Wider Contributions to Economic Growth**

The growth of the digital economy has fueled economic opportunity across the country. That's been good for workers, businesses, and consumers. By the numbers:

- The technology sector supports roughly 12 million American jobs — the equivalent of 7.6 percent of the total U.S. workforce — and is a vital source of new employment.<sup>9</sup>
- Prices in the tech / telecom / e-commerce sector fell by 0.8 percent in 2018, compared to a 3 percent price increase in the rest of the private sector.<sup>10</sup>
- Job growth in the tech / telecom / e-commerce sector last year exceeded the rest of the private sector, increasing 4 percent compared to 2.1 percent.<sup>11</sup>

## **Conclusion**

Of course, even as progress and innovation expand, sound regulatory frameworks help ensure our societies and economies continue to benefit from new technologies. A wide range of rules already apply to technology products and services, including antitrust, advertising standards, copyright, privacy, and consumer protection.

---

<sup>8</sup> Krista Garcia, More Product Searches Start on Amazon, *eMarketer* (Sept. 7, 2018), <https://www.emarketer.com/content/more-product-searches-start-on-amazon>.

<sup>9</sup> CompTIA, [CyberStates](#).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

In the face of intense competition, we are proud of our record of continued innovation. We have helped reduce prices and expand choice for consumers and merchants in the U.S. and around the world. We have created new competition in many sectors, and new competitive pressures often lead to concerns from rivals. We have consistently shown how our business is designed and operated to benefit our customers.

We look forward to continued work with the Committee as it examines these issues. Thank you for your time, and I look forward to your questions.