

slide 1: Context

Slide 2: Issues



- ① How to balance ~~at~~ the growth of the firm w/ regulation: If Baidu did not publish the commercial, then some other website would have published it, rendering the responsibility of fact checking on the firm itself. While there are rules outlining what can or cannot be published online, Chinese censors tended to encourage innovation/growth before writing regulation, in a way of crossing the river by touching the stone. This is an issue of moral hazard - the firms don't face big incentive to prevent misinformation.
- ② Limited channels for ordinary people to sue/retaliate against bad corporate actors. Legal courts can take on cases, but not affordable for most. Indeed, ~~the~~ suing Baidu is difficult ~~and~~ but the involvement of the PLA hospital casts light on possible negligent behavior of the Party ^{that could be suppressed}.
- ③ The issue goes beyond Baidu's ability to fact check, but also that medicine is expensive in China, there is a lack of credible sources of information, which makes these fake ads incredibly lucrative prompting many to be the highest bidder. The govt has since invested in county hospitals and expanded the nationwide insurance to include more drugs, but one tension is that pharmaceutical companies still need to recuperate the cost of developing medicine which makes

The sheer size of the Chinese market has caused firms to "race to the bottom" w/ prices on consumer goods and encouraged internet firms to view its users as aggregates. This demonstrates the failures of the govt to put necessary safety measures.