

Slide 3: Recommended action

~~There~~ There are several short and long term actions that I propose to this committee:

Short term:

- Prosecute a case against Director Li for wrongful death. Allow publicity at his trial. By casting him as the villain, the netizen ~~the~~ fear will flow away from the Govt and towards him. ~~But~~ If he was a marketing agent, maybe we could let it go. But, the role of Director has an obligation towards patients, one that he failed to fulfill.
- ~~The~~ Fine Baidu 10 million Yuan. For a company as large as Baidu, this fine represents less than a week of profits. It lets out public steam and puts its CEO on notice. However, it does not challenge their ~~the~~ business model of selling advertisements through web search, so this ~~is~~ is more of a "signal" to press and executives than a true punishment.

Long term:

- Amend marketing law to ban the advertisement of any hospital, pharmaceutical, or medical product. Like drug companies on TV, hospitals should not be able to advertise on Baidu ~~the~~
- Require an annual compliance report ~~from~~ Baidu, allowing the National Cyberspace Administration to audit Baidu's ads and provide guidance on which advertisements violate the law

Continued of Slide 5:

ISSUES continues.

Slide 4:

Regulation vs. markets

Does regulation improve health outcomes and web search? Or, do regulations on advertising dampen customer will and GDP growth? ~~then~~

Options:

If Baidu committed, let Baidu market itself, we would have to take a heavy hand to ensure citizens we care for their health. But, given the diffused responsibility between the hospital and Baidu, we have a few overlapping options.

1) Fine Baidu ~~the~~ 200 million Yuan

This demonstrates a reproach, but will not change their fundamental business model.

It simply creates a headline

2) Put Director Li on trial and send ~~him~~ to prison

Even though he was technically, not an advertiser, he acted in a dishonest way, leading to a wrongful death.

3) Nationalize/Destroy Baidu and/or the private hospital

This is not realistic. It hurts the economy and fails to fix the trust issue.

4) Do Nothing

Recommended Action Part 2:

Slide 5:

What should NOT be done:

No action taken — this case has received significant traction on social media; it is not an isolated incident, but something that strikes a chord with thousands of Netizens

Banning web search advertisements: A ban on advertisements at large will doom Baidu to bankruptcy. To ensure innovation in the web-search market, we must allow companies to make money in ethical ways. Non-medical advertisements DO serve the interests of the public — customers are able to see a new production Baidu and PPT, making their life as a consumer more enjoyable with additional options, and encouraging greater consumer consumption that contributes towards national GDP.