

29 February 2012



In writing this weekly blog, I tend to steer clear of commenting on matters that are current fare for the media, especially politics. I would prefer what I write to have a more timeless quality, rather than be tied to the ups and downs of what is happening in the world. However, I find I *am* prompted to explore deeper issues by my reactions to some current events. One such has grabbed my attention and got my goat.

It appears that PayPal is acting as a censor of books, by telling at least one on-line distributor that if it has books on its list that contain certain ‘taboo’ topics, PayPal will withdraw its services from that merchant.¹ Given that PayPal is one of the largest clearing houses for on-line transactions, this is a dangerous situation.

From the list of taboo subjects, it is impossible to say whether PayPal is making a moral judgement or trying to stop descriptions of illegal activities. Either way, and whether you or I agree or disagree that certain things should not be written about or read, it is not the role of a financial services provider to make, and try to enforce, such a judgement. Book publishers and distributors are subject to the laws of the jurisdictions in which they operate and those laws, including any censorship laws, are made by elected representatives; this gives us the opportunity, through the ballot box, to have our input into the making and changing of those laws, as imperfect as that system may be. We cannot wield that power over non-elected enterprises such as PayPal. We can protest (and I have, vociferously, to PayPal) or stop using PayPal in protest (I am considering that). However, that may affect our choices when it comes to on-line purchases. For merchants whose web sites are totally integrated with PayPal (e.g., for collecting payments for books and for paying authors and publishers), having PayPal refusing to deal with them anymore, may subject them to prohibitive costs in redesigning their businesses.

In a way, all this comes back to questions I have raised in earlier posts^{2,3} about the role of corporations in our society – both what those roles currently are and what they should be. I maintain that the responsibilities of corporations should go further than making maximum profits for their shareholders – they should inherently have a social responsibility. They certainly should not have the rights of flesh-and-blood humans and they should not be allowed to manipulate their customers in order to achieve some moral objective.

It can be argued that one could set up a corporation that has a certain moral imperative built into its charter. In that case, the moral imperative is clear from the start. What is wrong with the sort of behaviour PayPal is engaging in, is that it is doing this – and can do this – because it has the power to do it through its market dominance. When a corporation becomes this large and has such sway in the market place, it must not be allowed to claim to be ‘just another company’ going about its business.

My argument applies equally to other corporations that are no longer ‘just another company’: large media conglomerates; major banks (certainly the four major banks in Australia); and supermarket chains that are able to control the market through their buying power.

The four major Australian banks are in a unique position. Not just anyone can start a bank – you need a license. Given that it is now almost impossible for an individual or business to operate in this society without a bank account, and difficult without a credit card, the banks are no longer ‘just a business’. They are effectively licensed to control our access to financial services (including getting paid by our employers) and our access to credit. Yet they feel they should be allowed to make ever larger profits, with their profits growing at an annual rate that, in most cases, far outstrips other businesses.

PayPal has joined the banks as an essential service. I could add others to the list of companies providing essential services because of their success in selling those services to us. Microsoft is an example. Its computer operating systems are so widely imbedded in the business of government around the world, that Microsoft is in a position to bring most governments to their knees. Provided the company continues to act morally, there is no danger.

I could support PayPal deciding that it will not deal with payments for illegal goods or services. However, unless a government has legitimately made it illegal to sell a certain book, the sale or purchase of it, no matter how objectionable its contents may be to some (or many) people, is not illegal. (Many people object to prostitution, but in Australia it is legal in most jurisdictions and Visa and Mastercard have no problem allowing their credit cards to be used by customers to pay for such services.) No individual or company should be allowed to use such power as PayPal has to prevent me or anyone else buying something that is legal for me to buy and read.

1. [See a report on this on-line](#)
2. [From the Kitchen #129](#)
3. [From the Kitchen #62](#)