CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

NEW VISION PROGRAM

NEW VISION LAUNCH
VIP LUNCHEON

INTRODUCTIONS AND MODERATOR:

JAMES GAITHER,
CHAIRMAN OF THE BOARD,
THE CARNEGIE ENDOWMENT

SPEAKERS:

JESSICA T. MATHEWS, PRESIDENT,
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JONATHAN FANTON, PRESIDENT,
THE JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION

KEYNOTE SPEAKER:

ERIC SCHMIDT,
CHAIRMAN AND CEO, GOOGLE

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THE WILLARD INTERCONTINENTAL HOTEL

Transcript by:
Federal News Service
Washington, D.C.
JAMES GAITHER: If I could have everybody’s attention. We’re always very hesitant to interrupt a good dialogue but I must to welcome all of you to what is a very important and historic day for the Carnegie Endowment. I’m Jim Gaither, chairman of the board. And before you hear from Jessica Mathews, our president and the architect of the new vision, I wanted to say just a few words. Most importantly, I would like to welcome – and I’m honored to welcome – our newest trustee, Congressman Jim Leach. (Applause.)

In 1910, Andrew Carnegie founded this organization with a goal of establishing the conditions for an enduring world peace. He believed that that would be done in a very short period of time. But wisely, we think, he gave the trustees a great deal of discretion – and I quote: “You will have the widest discretion as to the measures and policies they shall from time to time adopt in carrying out that mission.” Throughout the history of the endowment, many changes have been made. When Morton Abramowitz was president in the 1991-’97 period, he established the Carnegie Moscow Center, continuing this pragmatic strategy of trying to find ways to contribute to an enduring world peace.

We’re gathered here today to add another significant dimension to Carnegie’s rich history. Through the Moscow Center we learned an invaluable lesson: that there is no better way to address the grave problems that confront the world than through sustained contact and engagement with people around the world. With America the now remaining superpower, it is clear that we cannot isolate ourselves from events overseas. It’s more crucial than ever that our policy researchers collaborate with their counterparts overseas to address global and regional crises and to seize opportunities to make the world more secure.

And so we decided to dramatically increase our international presence, opening operations in China, the Middle East, and very shortly in Europe. Together with our offices in Washington and Moscow, these five locations include the centers of world governance and the three places whose political evolution and international policies will most determine the near-term possibilities for international peace and economic security.

Looking at the state of world affairs and the huge benefits and challenges posed by the unstoppable march of globalization, I hope you will agree that there’s rarely been a more important time for international collaboration and understanding; a more important time for all of us to listen and learn from others around the globe. The video you are about to see is designed to give you a sense of our work around the globe. We thank you very much for being with us today.

(Applause.)
(Begin video segment.)

MR. : It’s one of the glories of the endowment: its ability to change its approach.

MR. : The Carnegie Endowment for International Peace is part of its effort to facilitate public discussion.

MR. : Cuba became the focus of world attention.

MS. : We breathe the same air; we walk the same streets; we talk to ordinary people.

MR. : There can be no stable and enduring peace without the participation of the People’s Republic of China.

MR. : The Carnegie Endowment for International Peace is a very important partner.

JESSICA MATHEWS: The new vision is re-conceptualization of what a think tank is and ought to be in this day and age.

MR. : The Carnegie centers in Beirut and Beijing build upon the work that has been done in Moscow and, I think, offer a potential for world leadership when it comes to ideas, thoughts, bringing people together.

MR. : I spent most of my career in the venture capital business building companies, building enterprises. Sometimes you’re early; sometimes you hit it just right. It is now clear from those who will support this effort financially, that this is the time that is right. The Moscow Center has been a tremendous learning experience and the critical element is the people.

MS. : One of the most important things about the Carnegie Moscow Center is that it is essentially a Russian institution.

MS. MATHEWS: By now we’re up to over 40 people here in the Moscow office. We have a very large and very excellent team. I’m really pleased with the quality of the people we have working here.

Our scholars and residents are all Russians. They are senior experts from the Moscow intellectual community and they really take the initiative to look for topics that are of critical importance to the Russian government, to the Kremlin, to the research community here. They’re really looking for what the critical policy issues are for Russia.

MS. : All our people are invited to the Kremlin to discuss various problems starting with Chechnya and ending how Russia should relate to the West.
Carnegie, with its independent reputation, is one of few teams and maybe the only think tank that is used so seriously. They are publishing the books that are useful for the president himself.

MR. : The reputation of the American academics is well known, just as traditions of American science and politics and I think this is a very distinguishing feature of the Carnegie Endowment. I believe that it is the only institution to have an office in Moscow to be working and having an intensive public events program.

MS. MATHEWS: Carnegie Moscow Center is the flagship for this new international think tank concept that is the new vision of the Carnegie Endowment. The Carnegie Moscow Center already has a very active interaction going with our partner center in Beijing. Already we have put in place a joint project with them to look at the problems of ethnic minorities in border regions.

MR. : (Unintelligible) – questions.

MR. : The importance of what the Carnegie Endowment is doing in reaching out to many regions of the world, sort of moving beyond the tremendous importance of the Russian-American relationship in the past 15 years following the Cold War; following the break of the Soviet Union is to recognize that a new era has been unleashed and I’m excited about that.

MR. : The launching of an office in China is, I believe, of enormous importance. The United States can learn a lot through rigorous analysis and fair-minded assessment of issues.

MR. : Carnegie Endowment is particularly helpful.

MR. : China is becoming more and more influential.

MR. : Carnegie Endowment for International Peace is a very important partner of a lot of academic institutions in China so I think Carnegie is quite strong in doing the research on oil and other energy problems.

MR. : The Carnegie Beijing office tries its best to make China and the United States responsible stakeholders in the current international system. So we are very happy to see that in Carnegie’s October conference in Beijing on the North Korean nuclear issue, the Chinese participants were China’s greatest scholars who have been conducting research on North Korean for the longest time.

MR. : I hope we can continue down this road, continue to work hard, and in the future that we conduct more collaborative work with Carnegie; more joint projects and joint programs in order to discuss major issues.
MR. : Quite a few scholars at the Central Party School have been in Carnegie and I think Carnegie’s presence in China will further help these scholars understanding our status better.

MR. : The world is in potentially a different era now in which we need to recognize the possibilities that all continents could prosper, that, as a matter of fact, we have a world that drives with growth if we are all wise enough to understand each other’s needs.

MS. MATHEWS: We have made, over the last 10 years, an enormous commitment to having people, both on our staff here in Washington as well as in Moscow and now in China, who speak the language fluently. And therefore, we do research, we write, we publish; we hold events in the languages of the places in which we are working.

MR. : No matter where it is, whether it’s Beirut or Beijing or Moscow, Carnegie is objectively and, I think, by purpose, a part of that community, that place. And the reason it works is that people who are in those places take ownership.

MR. : It’s crucial to support the Carnegie Middle East Center at a time like this when this region is suffering from great misunderstandings between the region and the rest of the world.

MR. : Being in the region has a multitude of advantages. First of all, it’s much easier to get researchers from the region to move and live in one place, in the center here. It also enables the center to keep abreast of an hour to hour, day by day, and to live the developments of the region with the people of the region.

MR. : I think it’s paramount on a think tank involved international peace to be located here. With the Arab world trying to define itself and the way it relates today’s world. With Islam, trying also, to find ways of existing in a – and thriving in today’s globalized universe. It’s is absolutely the right time.

MS. MATHEWS: The idea of this new vision is that you cannot address either our relationships with the individual countries and regions or the big global problems without understanding what others bring to the table. The most important thing we learned in Moscow was that there is no form of collaboration that remotely approaches the value of a permanent, physical presence. We are also making a commitment to a new kind of research to innovating in the process of doing collaborative international research.

MR. : We need to learn and listen. You can’t do that sitting in Washington listening to yourself.

(End of video segment.)

(Laughter, applause.)
JESSICA MATHEWS: I told Jim Gaither, after we’d done the filming on this, that it was not good form for the chairman of the board to upstage the president, but he did it anyway. (Laughter.)

You’ve seen a glimpse of what the new vision has already become in practice. In varying capacities, we now have five people on the staff in our Beijing office and 10 in Beirut from several different Middle Eastern countries. The Moscow office, as you’ve heard, is 42 people – in that case including just one American. And the Brussels office will open in six weeks.

The video introduced to you our office directors on whom so much depends. I’d like to just briefly introduce them and their Washington partners in person.

In the Middle East, Paul Salem. Maybe you could stand up, all six of you. Paul Salem in the back there and Marina Ottaway in Washington. In Russia, Rose Gottemoeller in Moscow, and Jim Collins here in Washington – Ambassador Collins over there. And in China, Ding Xueliang, and Pei Minxin here in Washington. I want to thank all six of them. (Applause.) We’re in the very best of hands.

I want to back up and say a bit more about why we undertook this. We are, of course as Jim mentioned, matching the fact of globalization. It’s more than a little bit odd when everything from small business to terrorism to social activism to religion is globalizing, not to mention, big business, which has globalized for years and years, that our sector, the one that tries to bridge government and business and academia in finding policy solution to bring problems, has stayed largely national.

We’re not attempting, however, to globalize for the sake of doing so. We are doing it, first, out of a very deep conviction, that this is the best way that we can help advance core U.S. national interests. History has shown us beyond a doubt that a dominating world power has paradoxically a greater than normal need to understand in depth what others’ interests are. This is true because of the sheer scope of its interests and because dominance engenders resistance, resentment, and often fear.

So deep engagement, in our view, is an essential strategy for managing dominance. But this is also a moment in American history where the U.S. willingness to take the time and the trouble to learn enough about politics, culture, and society in the rest of the world and to factor that knowledge into its policymaking seems to be at a low point. This is not simply a characteristic of the present administration but one that stretches back at least to the end of the Cold War. So in creating these centers and the network that will connect them both to Washington and to each other, we are attempting to demonstrate in microcosm the values and the practices the U.S. should follow on the macro scale. Borrowing from Gandhi, we are attempting to be the change we wish to see in the world.
It is also the case that we are living a world where more and more critical issues have moved beyond the reach of national solutions, either because they reside in the global commons or because they require the cooperation of so many countries if policy measures are to succeed. Whether one is talking about trade or terrorism or nonproliferation or climate change, U.S. leadership is needed as never before. But it is not leadership to develop policy for which there are no followers. That’s merely folly.

So whether one is concerned for a narrow national interest or broader international ones, it is the most hardheaded assessment of what is needed for the solution of real world problems that drives us in this direction.

We have learned in Moscow that it takes some years for a center like ours to firmly make a place for itself in another country. It does not come overnight. And so we have taken, for our first phase of the new vision, a period of 10 years to establish and build and demonstrate the value of these centers. To do this we estimate will cost an additional $45 million over this period, which we intend to try and raise upfront and spend as waste in capital.

I’m very pleased to announce today that we’re well over halfway to that goal. For their leadership, I want to particularly thank our chairman, Jim Gaither, and the chairman of our campaign, Bill George, and every one of our trustees. (Applause.) Most of all, we have to thank some funders who have known our work well for many years and with whom I first began to explore this vision several years ago. They got the idea and saw the ways in which the Carnegie Endowment brought some unique comparative advantages to the task.

The first of these, the invaluable, door-opening grant, was from the John D. and Catherine T. MacArthur Foundation headed by its president, Jonathan Fanton. As befits the head of one of the country’s largest philanthropies, Jonathan Fanton’s knowledge and passions are broad if not encyclopedic. A scholar of American history, he served as president of the New School for Social Research in New York City for 17 years, where he strengthened and broadened the school in areas from music to architecture to international relations.

He also served as vice president for planning at the University of Chicago and the associate provost at Yale. He’s been an active leader in the NGO community, including many years’ service as chairman of Human Rights Watch, the largest U.S.-based human rights organization; as co-chair of Chicago’s Partnership for New Communities, where he and I also worked together some years ago on transportation issues, and is founding board chair of Security Council Report, to name just a few. We are very honored to count him among Carnegie’s partners and supporters and especially pleased to have him with us today. Thanks, Jon.

(Applause.)
JONATHAN FANTON: Jessica gave me an easy assignment today: to explain why MacArthur made a grant to advance the Carnegie Endowment’s New Vision. We know Carnegie well, having made 21 grants since 1988. That very first project looked at the proliferation of high-technology weapons and arms control in the Middle East, nonproliferation transitions to democracy, migration, trade, and environment. The coincidence of our interests is remarkably broad, and not just in the U.S.

When it came time to celebrate the tenth anniversary of MacArthur’s office in Moscow, we asked Jessica to give the keynote address because we wanted to make the point that a U.S.-based institution could be an authentic part of the fabric of Russian intellectual life, and no better symbol than Carnegie and Jessica.

Our grant to the New Vision reflects deep past partnership, but it is mainly about our sense of a shared future. We see a powerful and enduring connection between our two institutions. Both organizations look at issues through the lens of history and take the long view, believing passionately in high-quality objective research. Both are comfortable with complexity; understand how issues come together: energy, the environment, and nonproliferation, for example, or here at home the intersection of immigration, human rights, and security.

Both strive to be nimble and to reinvent themselves from time to time. We share the view of the challenges ahead: distribute the benefits of globalization more fairly, reframe the approach to confronting the world’s political and security threats through international collaboration, and help the U.S. reclaim its leadership in setting norms in thought and practice.

Both institutions put a high premium on communication with policymakers, the academic community, business leaders, and the general public using the most advanced technologies for multiparty interactive conversations. And both organizations, to quote your statement, “seek to be non-ideological and influential.” We join you in wanting to step off the left/right political access in this country and redefine the policy conversation. We agree that an outlook rooted in the perspective of a single nation or a single political paradigm cannot address the needs of a changing world.

And that last point was critical to our decision to embrace the New Vision: escaping an American-centered, and by now exhausted debate about the nature of global trends and America’s response is necessary if we’re to help our country regain its footing. Your goal of a global think tank, no longer a group of scholars in a place, but an integrated global network is a worthy ambition that Carnegie can in fact achieve.

Your New Vision is about how people think, understand each other, and find fresh ways forward to achieving humankind’s highest aspirations. Foundations turn to universities and think tanks for intellectual capital and for partners in pursuing policy objectives. And so your New Vision is important to MacArthur and profoundly resonates with the way we are trying to change. It was Carnegie which introduced us to the China Reform Forum two years ago on a trip to explore a possible MacArthur presence in
China. And it was Jessica and her colleague, Pei Minxin, who joined me at breakfast in Shanghai last fall and gave me the best advice about how to establish that presence.

So whether it’s opening operations in China, fighting for a reasonable NGO law in Russia, seeking new life for nonproliferation through universal compliance, or using technology and translation to communicate in the Islamic world, MacArthur depends on Carnegie.

We salute your New Vision, just as Jessica’s extraordinary leadership, and so many of you in this room who have built this great institution, and I think of its past presidents, Ambassador Morton Abramowitz and Thomas Hughes among them. And it’s our privilege to be your partner, a partnership that will prosper as we seek together a more just and humane world of peace. I thank you.

(Applause.)

MS. MATHEWS: I want to just, since this will be my last chance to stand here, offer my personal thanks to all of you for coming. A celebration like this isn’t a celebration when you’re doing it alone, and it’s wonderful to look around the room and see so many of Washington’s leaders, so many friends, so many people who have contributed in lots of different ways to the success we’re celebrating here. So thank you all for being with us. Please enjoy your main course and you will have your main speaker just as soon as we’ve all eaten. Thanks.

(Applause.)

(Break.)

MR. GAITHER: I’m sorry to interrupt your lunch once again. This task is a particularly easy one for me, to have a speaker who absolutely needs no introduction. We all know that he is presiding over one of the greatest corporate success stories in history, and we even know the derivation of his company’s name: a simple spelling error. (Laughter.) But I did want to say a few things about Eric Schmidt and his company.

Incredibly, Google has become, in less than 10 years, the global leader in helping people find the information they want and sometimes need. (Laughter.) They started answering 10,000 search inquiries per day; they now handle millions each day. Google’s success is driven by society’s thirst for information, for knowledge, for help in our daily lives, even a chance to look down at the earth and find out where we are.

Their challenge from the start was how to use emerging technologies to meet that insatiable demand for data. To help Google address that challenge, the board and its founders recruited Eric Schmidt. They knew they needed technical brilliance, and in Eric, the father of Java when he was at Sun Microsystems, they recruited one of the most respected scientists in the country. But they needed, and they got, much more: a calm, thoughtful, energetic, and persuasive leader for what today is probably the most
impressive collection of brilliant young engineers, inventors, and entrepreneurs in the world. They found a bold leader who could help them build a new business model which stressed and rewarded creativity and innovation essential for continued rapid growth. And perhaps most importantly, they found a visionary strategist who could imagine ways to get at data which none of us ever dreamed would be available to us, indeed to all people, literally for free.

We often talk about trying to see over the horizon. Our speaker does that for a living. Like Carnegie, Google has gone global with all of the opportunities and challenges which that entails. We both seek to bring more and better information to people throughout the world. And it is a very great honor for me to introduce Dr. Eric Schmidt, chairman and chief executive of Google.

(Applause.)

ERIC SCHMIDT: Thank you very much, Jim, for that incredibly, incredibly generous introduction. When Jim called and described to me the Vision, I said I’d like to be part of it, and he said, you’re welcome. (Laughter.) I cannot agree more with the platform and the plans that Jessica has talked about, and that are going on in this room today, and congratulations to all of you.

What I wanted to do is talk a little it about people and technology and mostly about what happens when you mix the two. And I thought, what is the thing that unifies all of us? And I think it’s faith in people; it’s an optimism in people. As we look, we look to the future, which is more entrepreneurial, more empowered. And something major has happened. The Internet has happened. And the Internet has empowered people in a way that we have never seen before with all sorts of amazing things about to happen, which I want to take you through.

It used to be that information was controlled by an elite, by the government, by small groups, and now everyone has access to it. It’s empowering, it’s frightening, it’s enthralling, it’s wonderful.

Now, what’s the proof? I travel all the time now. It’s a global company; many of you do the same. What is the sound I hear when I travel? Cell phones. They’re ringing – mobile phones – outside the U.S. They’re ringing in shops, they’re ringing in homes; they’re ringing in the airport; they’re ringing everywhere.

When did this happen? It used to be quiet when I traveled. (Laughter.) Two billion phones now. The first billion took 20 years to achieve; the second billion took four; the next billion will take three. Hmmm, pretty interesting. Billions are big numbers. Lots of people in those billions. Two-hundred-seventy-seven broadband users in 2006 going to roughly 413 million broadband users by 2009.

I think everybody knows China has almost 500 million mobile phone users. Some countries have higher percentage penetration of mobile phones than they have
people; Italy, for example. Makes sense if you know the Italians, right? (Laughter.) Everyone has multiple phones. And at the same time, there’s an overlay of globalization. China and India in the last 20 years have become self-sufficient, right? One-third of the world can now feed itself, and growing, and so forth in these wonderful new ways.

Globalization is fundamentally about universal access to information. People have the same needs and the same wants everywhere in the world. People are constantly asking me, well, what’s Google like and what are Google users like that are different in other countries? The answer is, they’re the same. Big surprise, right? Somehow we think these people, because they don’t speak our language, are different. They’re not. They care about the same kind of stuff.

Now, this is against the backdrop of what I’m going to call the technology-based case, which – let me just assert the following things will happen and they’ll happen very quickly. Moore’s law continues. Moore’s law can be understood as that things improve by a factor of 10 every five years or a factor of 100 in 10. Everything is 100 times better 10 years from now, so hurry up. (Laughter.) Think about it as a business.

Almost everywhere, everyone’s going to have these 3G phones, which are one megabit data connections, globally. Wherever I go, everything works: big screens, hundred megabits of fiber. Everybody here is going to have an HD home, HD televisions and stuff. These massive data centers that Google and others are building to return to the mainframes of old, for those of you who used to work on them: huge, high-quality screens on PCs and Macintoshes; amazing ways of visualizing information.

We’ll be able to put all current recorded media on a single hard drive within 10 years. That’s the good news. The bad news is we’re creating a lot more. And many of us will participate in what is known as the quadruple play. Operators will offer mobile, fixed line, television, and broadband on a single package to a single pipe into your home or business or whatever, with the appropriate and very interesting price competition.

Now, when I think about that, I think about the real problems that are created for consumers. Information; well, that’s search. Health; well, that’s search. Entertainment; well, that’s search too. Good. Everything I see is a search problem because everything I see is an information problem, and that’s the trick here.

What’s interesting is that we’ve now set up a classic battle of open versus closed. And those of you – the foreign policy experts, the political experts – understand open borders, immigration, freedom to relocate in the real world. In technology, there is an analogous battle, and an analogous battle is about open standards, open platforms, and the ability to innovate and build on top of this emergent platform, and they are doing so. Again, the parallelization of this is remarkable.

Now, what is Google up to? Well, of course I have a search bias. Search is still the killer app and many, many ways to improve it. And there’s so many ways where search and the way we look up information will get better over the next five or 10 years.
Now, what I like to think about is how was Google so successful? And I think of it as an ah-hah moment. There’s a moment when you use Google when you go, ah hah, your life has been changed. And so for me, I’ve always wanted to climb Mount Everest. Now, looking at me, this is not exactly a likely scenario, right? (Laughter.)

So it turns out that you can take Google Earth, start at base camp, go right to the top. It works great. None of this issue about your fingers, you know, getting rid of or anything like that. (Laughter.) The views from the top are really nice. The imagery is incredible. I encourage you to do it. I’ve been there; you’ll enjoy the trip. (Laughter.) No altitude sickness.

I should say, what is the most interesting query that you could do? And I thought, hmm, how long will I live? An appropriate question, I would think, for most people. And the answer came back, 67 years old. I said, wrong answer. (Laughter.) So I re-parameterize the query a little bit and I got a much longer lifespan. So I thought, Google’s great. (Laughter.)

I grew up in Washington. Here’s an example. I used to tell story about – I used to say that when I was growing up there was the draft and they went to a lottery, and in my particular year, my particular birth year, I was 125 in the draft of the first 90. And I believe this – I’ve told this to people for, you know, 30 years or something. The only problem with what I just told you is it’s completely false. It was true for the year before me, but I, who was so worried about all of this that I had actually put myself in the host of my friends who were a year older. My memory is that wrong. That’s an ah-hah moment, when you realize that I’m – and by the way, I still believe that I still passed the test.

We had all these bizarre examples. The fellow who had these – he was having chest pains and he types them into Google and it says, you’re having a heart attack; dial 911. So he dials 911 and they said, if you had not called us quicker or at least not that quickly, you would be dead. So he wrote us a letter, and we give this speech to engineers and we say this why Google needs to be fast. (Laughter.) Right? And these amazing, heartbreaking stories about people – one fellow’s daughter was absconded by the ex-wife, taken out of the country, but really in the town next door. Found her, reunited him at the age of 16, and has had a good life since.

What is different from 10 years ago? We’ve been talking about this for a while. It’s really about Moore’s law. What’s happened is that the infrastructure, the wireless infrastructure and all the broadband technologies and so forth; all the things that we take for granted now that we didn’t have 10 years ago, really do work and they work everywhere.

The other thing that’s different, and it’s worth noting, is that in my industry we needed a way to pay for it. And what emerged with a number of companies, including Google, is the ability to do targeted advertising. And it’s easy to think about it – if there’s a product that you want to purchase, it’s actually quicker for you just type the
name of the product into a search engine – we would prefer you to use Google, of course – and you’ll see an ad. You click on that ad and it’s appropriate to your thing. And so I’d sit there and I watch television and I go, why are they showing me ads about products that I would never buy? Why does my television not already know who I am? You know, we’re not in the baby diaper business. We’re not going to be buying any baby diapers. It shows baby diapers ads.

So this concept of targeted advertising is in fact a very, very big deal and it’s one that is in fact changing a lot of the media industries, which I’ll explore that a little bit. What’s interesting to me is that this platform that I’m describing is much broader than any single company. It’s really a platform that’s changing the way people are thinking of information. Anybody here ever dropped their personal computer and lose all their information? Happens to me. Right, well, if that information were stored in what we call the cloud, if it were stored in a server and it were available to every device, it wouldn’t matter. You just reconnect. Seems kind of obvious if you think about it. Why is it not so?

In fact – another example. People here have computers, right? You have cell phones, you have Blackberries, you have kids, right? You have all sorts of things, right – (laughter) – sorry. So you have all these digital devices and interactions, right? Wouldn’t it be nice if all of them were in one place and then, independent of the – sorry about the kids – and that if you used your Blackberry or your mobile phone or your PC or your Mac, you’d see the same information rather than having to constantly copy and so forth and so on.

This is a pretty big deal because it means that you can an information store, a place where you can keep your personal information and see it wherever you are and wherever you’re going, and it’s always there, it’s always backed up, and so forth and so on. So this is leading to change in our industry around the return to these massive data centers. And when you hear the word convergence, the convergence that you hear is not about one device. It drives me crazy. You’re not going to carry one device; you’re going to have five. We’re busy trying to sell you another five, right? And the good news is they’re getting cheaper because you’re going to have one for here and for there and one for there. The convergence is in the network. The convergence is having one place where all that information is stored.

So you can imagine the following: If the combine is advertising, that I was talking about, and mobile phones and GPS’s – everybody here has a GPS, whether you know it or not, because your phones are all GPS’s and the reason your phones are GPS is because of the E-911 legislation, right? So your phone says, Eric, yesterday you had pizza. Today you’d like a hamburger. There’s a hamburger on the right. Go there. At which point I’ll turn the phone off. (Laughter.) Now, what do think the advertiser thinks about that ad? It’s a very targeted ad, and we have some experience in Japan where people spend all of their time, basically, standing in subways, as best I can tell – (laughter) – where these ads are so highly targeted they work very, very well.
So one of the things happening that will be happening is more and more
customized information, more and more personalized advertising, and more and more
knowledge about what you’re doing. So this sort of customizable and targeted model is in
fact the emergent model. So we’re running Google to be the one-stop shop for all of this.
And that’s, I think, one of the keys to our success.

Now, I want to talk, not so much about the technology and Google, but rather
about the problems that are now created by this because I think that’s where I need your
help to think through this. And let me suggest that there’s a set of paradoxes that are
worth expressing and I’m going to call them the paradoxes of the Net. It’s sort of like
being lonely in a city. It’s a paradox, right? The Internet is both a great unifier and a
polarizer, and I’ll ask some questions as well. The truth emerges much faster on the Net
but it’s also much easier to spread inaccurate information. Seems like a paradox.

More globalization, more tribalism. We’re globalization people. Well, is there a
competence for the tribalists? Are they in the other hotel? Are they having – and they’re
all in different tables? (Laughter.) Right? So more globalization, which we are
obviously in favor of, but more tribalism as well. Both emerge at the same time. People
can express themselves more freely but some of this expression is, shall we say, of
limited value. The term that’s used in social science is called disinhibition. It’s a little
bit like what the world would look like if everybody behaved like Jerry Lewis or Paris
Hilton. Thank goodness they don’t.

So I propose a first rule of the Internet, which is that people have a lot to say,
right? And they have a lot of time to say it and they’re saying it. And this is a change,
especially generationally, looking at the age at most of the folks in the audience. Talk to
your kids and talk to your grandkids about what they’re really doing with their time;
you’ll be shocked.

The sites like MySpace in the U.S., DBOE in Britain, Orkut in Brazil, CyWorld in
Korea, Mixi in Japan all have this property. It’s a serious issue, but a 20-year old Korean
man spent 50 hours in a Korean Internet café and died of dehydration. He couldn’t stop.
That’s how serious this is getting. If MySpace gets a billion people in MySpace, does it
get its own government? You know, is there some rule that if you have a billion people,
you’re your own country? I don’t know. I’m trying to be a little bit provocative here.
Wikipedia is 12 times larger than the Encyclopedia Britannica and roughly as accurate.
Wow. This is like a serious problem.

Now, what happens is in these social networks you have all of these problems
about reputation, so it’s obvious that these trust and reputation systems that are emerging
will come out, and we’re going to have all of these interesting problems around
information. Every piece of data on the Internet can be thought of as a move in a game.
You don’t like some information; spread some misinformation. Now, people here
wouldn’t do that. (Laughter.) Sorry, sorry. People in this room wouldn’t do that. There
might be some other people in Washington who might do it. There might be some
businesses who wanted to affect some outcome who might spread some misinformation.
Let’s call that biz-information. All of a sudden information takes on power and partially false information or completely false information is hard to distinguish in this new world.

The cycle continues. Part of our strategy with YouTube, now part of Google, is to let the viewers be the programmers. By programmers I mean television programmers. Well, this is like a shock to the real programmers. All of a sudden people are choosing which shows they want in whatever order they want to see them. Is this good or bad? I don’t know. It’s definitely happening and it’s certainly changing the way the media views itself in a very, very powerful way.

Here’s a quote from Bruce Sterling: “The future in the Internet lies not with institutions but with individuals.” He’s a very famous science writer, if you don’t know. If you’re under 21, you likely don’t care about any supposed difference between virtual and actual online and off. Hmm, this is a problem. Consult a teenager. You’ll be surprised at how fluid these two worlds are and see how integrated they are now. It’s really remarkable.

So what we say at Google is don’t bet against Internet; this thing is coming. Let’s figure out a way to solve it. Now, thinking about five years from now, if search is the human need for information and advertising is the human need for commerce, how does this evolve? Well, here’s a product that I’d like Google to build, not quite been able to get it built yet; call it Serendipity. Here I am typing along; Google says, this is what you should have been typing. (Laughter.) We’re pretty close because we have artificial intelligence systems going over the corpus of information and you make some statement; we can say no, you’re wrong once again, Eric. (Laughter.) We’ll omit the “once again.” We’ll have that be an option, you know, the abuse voice, right?

Here’s another proposal, which would be particularly popular in universities. The paper lengthening: just add 10 percent to my paper. And it’s recursive. You know, you can keep adding. (Laughter.) These are very real possibilities: markets of information and user feedback where we can actually do predictive information markets; cameras connected to phones to computers, everything working and not an acronym in sight, everything actually just works; new modes of search – take a picture with your camera. I bet you most of you have more pictures stuck in those camera phones than you’ve ever got anywhere else, and you cannot get them off that stupid phone, okay? (Laughter.) But we can look at the picture, identify who it is, and send them an email and say, ha, here’s your picture, if you want us to. A persistent connection to online communities and this enormous growth that we’re seeing.

So let me talk a little bit about the role of governments, and then I’ll come to some models and questions for our discussion. Now, the impact of this is already felt. I think people know there was a video involving the word, “macaca” with George Allen in Virginia – a very close election – turned out – it may have turned on this issue. The election was lost to somebody else; power in the Senate switched.
Current examples of this: Hillary Clinton does not sing very well—(laughter)—and this is a problem if you’re on YouTube, as one of our highest-ranked videos. Senator John Edwards running for president, I believe, spent an awful lot of time primping his hair on YouTube. (Laughter.) This is a very real political issue for our elected leaders—(laughter)—and we are an equal-opportunity abuser I think. All three leading Democratic candidates, for example, announced their candidacies most recently on the Internet—pretty interesting.

But let’s be more serious about government and not so much the politics of it. There are very real privacy and security concerns that we have to debate. There are two sides to the copyright argument, which were going, and I’m spending a fair amount of time today on. Businesses and individuals have a responsibility—it’s not all down to government to—I mean, the government has to set the rules of the game. You have to keep the net open or as open as you can—free trade and open markets, access to information, and to protect people’s privacy.

We have to define where freedom of speech begins and ends. Now, I’m not talking about China where we are clear as to what the problem is there, but let’s consider some examples. In Germany, Nazi speech is essentially criminally forbidden because of the terrible history of that country. In France they have the same rule, plus racism as well. Brazil—racism. And in fact, there are communities in our online service which spend their time trying to criticize ethnic groups, which is protected under the First Amendment of the United States, but not in Brazil.

In India, again, another populous and I think very successful democracy, it is illegal to desecrate national icons. And a Pakistani group is busy trying to desecrate Mahatma Gandhi, which is not a good thing, but legal in the U.S., not legal in India.

What is more important? Is it more important? Is it more important to have a commitment to freedom of expression even you find annoying, is it more important to get to the least common denominator. Well, my personal view is it would be better to be more liberal on this question, but I worry as we resolve this we’re going to say, well, you can’t say this, then you can’t say that; you can’t say this, you can’t say that, and all of the sudden we find our fundamental rights being eroded because of this new phenomenon.

So let me ask you some questions that are posed by this. The Internet is unique but it is a reflection of human society, and the question—the question we could say is we have gained—have we gained more freedom than we can handle? Free choice may be more choice than people want, or they want to see the consequences of it. I’m asking the question; I’m not presuming the answer because I don’t know, but I think it’s a debate that we all must have.

So the first question is what happens when 1 billion people more get on the Internet. Are they going to do exactly the same thing as the first billion did? Are they going to become more tribal? Are they going to find more hate groups?
going to become more Mother Teresa’s and more saints? Or are they just going to blend right in?

What I do know is that as those people get on, they are going to discover that their governments are not treating them very well. They are going to discover that the other town has better resources, better healthcare, better education, and so forth. They are going to be annoyed, and especially in countries where information access has been contained. This is a big problem for the country or maybe for the government. It is clearly empowering for the people.

We were talking about the Russia investment, which is wonderful – that Carnegie did. And it turns out, if you look at what is happening in Russia under the current administration, there has been somewhat of a centralization of power around the media. This is an anecdote to that. What happens as a result, I have no idea? It is a very, very powerful stuff.

The next question: We are working on simultaneous translation using statistical translation of a hundred by a hundred languages. Much of the misunderstandings that have gone on in the world have to do with the fact that we don’t speak the same languages. No one can speak a hundred languages except this one polymath person who is, like, absolutely wacko. (Laughter.) So the average person lives in a language-isolated world.

It is particularly acute in the Arab world. It’s widely documented that there is a relatively small number of Arabic – (audio break) – translated into – thank you – translated into English and vice versa. It has got to be positive? Is it? What happens if there are wars over the translation of the Koran? Is it good or is it bad? It’s going to happen. We had better get ready for it. So all of the sudden, instead of just reading everything in English, you can read everything in Chinese at the same time, and we can do it simultaneously for every person in the world.

The next question: What happens when this billion people that I’m talking about, who are showing up, remember, use these devices to educate and entertain. They take photographs of war, which are the real photographs, not the edited photographs. They take pictures of suffering in their towns and they publish them. They take pictures of extraordinary acts of creativity and kindness and they post them.

What happens when we see the sum of the world as opposed to the edited version through video? And I can tell you, now that we are in the video business, video is a much more powerful medium than text, which is what Google has been in for a long time.

Caterina Fake who is the founder of Flickr calls this – she doesn’t like the term, “user-generated content”; she calls it participatory media. When all of these people are participating in our media, are we going to be happy or unhappy? I don’t know, but they are coming.
Final question: What happens to personal privacy when everything is recorded all the time forever? I was trying to think about – I grew up in Washington and I was here during President Nixon’s term. It’s the Nixon tapes. Every one of you spends all of your time having the Nixon tapes being recorded about yourselves. Your e-mail is recorded – right, almost everything you do, and he lost his job. If he hadn’t foolishly recorded all of those bad things he did, he wouldn’t have had to resign. I mean, my daughter calls this too much sharing in your early life. (Laughter.) What do you think all of these teenage boys and girls are going to think 20 years from now when all of those wonderful statements that they made are still there, right, and there is no way to get rid of them.

If everyone sees how everyone is different, does that make us more sensitive or less sensitive? It’s a very real issue. So what will politicians do? Well, they will be shocked because this pressure is coming from the end users. The pressure is in fact coming and we are always shocked by it. But I think you can foresee it now, and you can see it not just in the U.S. It’s going to be much, much – because the U.S. is such a strong democracy, strong and open system, it’s going to be much, much more acute in the countries that Carnegie is focusing on and the countries that we care about. And it will be particularly acute in countries which are closed, which I think, from my perspective, is a very good thing.

Let me give you three scenarios for what could occur here, and then I’ll finish up and get your questions and comments. I was in Davos at the World Economic Forum. We had a big debate about this. And we came up with sort of a conservative, middle-of-the-road, and optimistic scenario. Let me give you the worst-case scenario. People get so freaked out about all of this bad stuff that comes, the potential misuse of this information, the potential misuse of personal information, that ultimately, what I’m describing gets shut down. It becomes highly regulated.

Under this model, which is obviously undesirable, a relatively small number of companies implement highly regimented and regularized interaction models. Identify, for example, which is key to this – you have to register; they have to know who you are; you can’t lie; you get registered to get your identity, you get ranking systems and so forth and so on. This is called digital identity – very, very interesting piece of work. It appeals to the people who prize order over everything else, and such people exist; they exist everywhere. And they like order, partly because they are part of the order, but also because they are fearful of disorder; they are fearful of the chaos that can occur, and there is some legitimacy to that point of view.

So user involvement in this model is welcome but tightly controlled, clearly undesirable from an Internet perspective. I would say this is a worst-case outcome, but it is a possible outcome, and I want to state it right here for everybody to hear it. Second possible – second model – somewhat of a middle-of-the-road argument.

Everybody is sort of fearful of all of this, but we are committed to our values and openness, and so forth and so on. And so a set of – and this is termed in our working
group – middle kingdoms – a set of middle kingdoms emerge, which span governments, by the way, span countries, and these are middle kingdoms of companies who basically provide enough of an insulation that you know who you’re dealing with. In other words, if you’re not sure who you are dealing with, you ask this other person; they say, yeah, they are legit or they are bad – they are okay, as oppose to all of this sort of chaos that was describing further.

There is a reasonable scenario, I think, where some variant of the middle kingdom model occurs because we do, in fact, have legitimate concerns over who is speaking. True anonymity is a problem for numerous reasons, et cetera. And then there is the Internet model, third model, which is, let a thousand communities show up, a million communities, and we’ll build the technologies and tools to help you find out who you are really dealing with, that these communities and collections of people and corporations, and so forth, will be very much a collective model – very much a dispersed model – self-governing in a truly positive sense, which is the context under which the Internet has been driven for many times.

Now, when I think about the structure – and I will finish up with this point, the most stable outcome is under our control. Technology is not destiny. We can in fact shape this. The engineers and scientists and companies can in fact build to any one of these models, and I mean this globally. True anonymity is very, very dangerous because evil people can really misuse true anonymity, where they are not traceable at all. Imagine some judge saying you can’t – who do I jail because you won’t tell me who issued this bomb threat? Our society fundamentally can’t operate without some level of discoverability of identity within appropriate legal safeguards.

It is very clear to me that user rating, trust systems, and so forth in this emergent amount of information coming in will be part of this. And I would offer that end-user empowerment, which sounds like a great message, is in fact threatening to many, many people. It’s threatening to organizations; it’s threatening to business; it’s threatening to governments, and it’s particularly threatening to governments that are very, very controlling, which in my view is a good thing.

When I think about what Carnegie is going to do, the mission of peace, the mission of understanding, the mission of – I cannot think of a better alignment of communication, information, and getting people because the people in all of the places that you are operating really, really do care about the same things – they want a stable world; they want a place that is safe; they want their kids to grow up; they want better healthcare; they want all of the things. They want it in their country. They want it in Russia and China and Beirut and so forth and so on. Imagine it being in the middle-of-the-day war. What do you think about? You think about safety, security, your kids, and so forth and so on.

This information revolution that is coming can be shaped, and it is a wonderful time to be doing it with all of you. So with that, thank you very much.
MR. GAITHER: I think, Jessica – we have time for a couple of questions. Yeah, if you have comments or questions.

Q: Being in business –

MR. GAITHER: Actually, I think we have – you need the mike for the –

Q: Sorry, being in business, you’re probably the only one who can deal with Microsoft’s outlet CC, where more people get involved in getting less done, and several hours are added to our day every year – every day trying to deal with CCs to people that don’t need to get involved in decision making. So instead of making it FYI, everybody goes, reply to all, and 20 people have to make a decision where one person in the past used to be able to make it. And it really is frustrating dealing in business and I’m sure other walks of life with this bad management approach.

MR. SCHMIDT: Well, we have an e-mail product that you could use. (Laughter.) Our e-mail product is free, so it has one benefit already.

One of the issues with e-mail, in particular, spam is that the arrival rate of your e-mail is now overwhelming your ability to process it. Welcome to life. So we are going to develop appropriate filters and so forth. These issues about CC-ing everybody is really a cultural norm. And some countries and some business cultures encourage that. Others find that it confuses people.

From my perspective, I believe most corporations will be run much, much more fluidly going forward than in fact – and I know it drives everybody crazy – it will become harder and harder to find a decision-maker because so many people have to be part of the decision, but that ultimately that that brings – that that will develop a stronger culture and more empowered culture. We will see. In any case, at the moment, it drives me absolutely crazy too.

More questions are coming. Yes, sir.

Q: I’m interested in the there sort of middle kingdoms that you described. But it seems to me that even with the printing press and the written word that eventually somebody learns how to control it that has some political correlation. So the power that can flow through many dimensions will discover that this dimension is essential to control. And we may be beginning to see it.

I would be interested in your comments, as an aside, on ideas of making sure that the pipe for some people can – that they can control what goes through their pipe. But more broadly, how can you construct communication over the Internet to weaken the likelihood that it can be concentrated, or control of the information that flows over it can
be concentrated in the hands of those that already have power in many other dimensions, whether it’s land ownership, wealth, military bureaucracy, or whatever because that is where history says this will go.

MR. SCHMIDT: So your concern is that traditional forces will essentially control those assets and then ultimately impose their views –

Q: They have always controlled them in the past, and they will see this is just something that is a challenge, and they will learn how to direct it and channel it and filter it.

MR. SCHMIDT: Google has taken a very strong view of something called net neutrality which is that every – the technical term is that – it’s something called the end-to-end principle in the Internet, which means that every device and every actor can see the same thing, that there is no degradation in what is visible. And the Internet is a success not because of the internal router work and things like that which I participated in, but the enormous creativity of the ends, all of the companies and the devices, and so forth, that we all use today. People are always finding interesting ways of extending that. So net neutrality is a key tactical point.

I’m not as worried about it as you might be because I understand how difficult it is to go in and impose your bias on a single node of the Internet. In order to fundamentally achieve the vision that you need, you have to be a dictator with guns and all of those kinds of things that dictators have because you have to be able to shut down the borders.

And here is the analogy that it would use. If you were elected dictator of some random small country for a day, and it was the morning, the first thing you would do is take over all of the television stations with your tanks. The second thing you would do is close all of the borders, and then you had control over both the physical resource, the people, as well as the communication to them. Anybody who can get that control over the Internet is quite dangerous, right; it’s a real problem.

The good news about the Internet is it’s structured to completely make – to make it extremely difficult because modern routing routes around those sorts of techniques. And so unless you are able to get control of all of the interconnection points, which is essentially impossible in most – at least, democratic countries, it is very, very difficult to see how the kind of manipulation you were describing were to occur.

Let’s say it did occur. How would you and I as freethinking people in the middle of this evil activity behave? There are various techniques involving end-to-end encryption that we could use which is dangerous for other reasons. We could also use anonymous servers and so forth to find each other. It’s possible to provide, even under the scenario you described, enough of a resistance movement that at least in a democracy, they are reasonably liberal or reasonably open country that we can do that.
So the real danger is not from corporate actors who don’t have the resources, but from literally the dictator who takes over the whole country. And that scenario could occur. And they could do it under the following scenario: We hate, well, pornography; therefore we are going to ban it. Well, in order to ban pornography, we have to look at every packet to see if there is any pornography in it. So now we have a set of humans who look at every piece of information looking for pornography, and, oh, by the way, they delete the following other things too, and it becomes a slippery slope. So there is a very interesting tension there, and one which I think is the defining tension for networking.

Another question or comment? Yes, sir. You’ll have the honor of the last question. Let’s get you the mike.

Q: I wanted to ask about your view of intellectual property rights in this – the future that you have described. What is your philosophy toward intellectual property rights? Are they essentially things that – is that a concept whose time has passed and the Internet is the proof of it. I should declare a propriety interest. My name is Jim Hoagland. I work for the Washington Post. (Laughter.)

MR. SCHMIDT: There is a balance between – as you know, because you have actually studied in this. In the copyright area, there is a balance of interests. And the copyright law of the United States has evolved – there is a very interesting article, by the way, about Google books in the New Yorker this week by Jeffrey Toobin that I would encourage people to read, which I think lays out some of these tensions.

From a Google perspective, intellectual property rights are fundamental to how we operate because we operate based on a set of proprietary things, which we view ourselves as our own intellectual property. So the company wouldn’t exist without basic intellectual property rights. And in fact, we have supported a whole bunch of initiatives around that, especially outside the United States, where the rights are not so strong.

And the trick is to find legal and business mechanisms that allow people to be properly compensated for the intellectual property while still encouraging use. And there has always been a conflict between the person who wants to have only one viewer and they want to extract a million dollars from that one viewer because of scarcity, and the social good of having a million viewers who basically monetize at a dollar – same amount of money.

The history of American copyright law and intellectual property rights are that they go back and forth on this issue. And I would argue that the world is a better place that we can get to where everybody – where the largest number of people can see the most amount of information and pay for it.

A classic example here would be iTunes. What happened was that record industry and the previous generation of leaders in the record industry, all of whom are essentially gone, fought to the death against Napster, and so forth and so on, when the
most obvious thing is that people actually were willing to pay a moderate amount for a
song, and iTunes cleverly figured out a way to do that. There should be analogous
models that are possible in the video industry, the movie industry, the newspaper industry
and so forth, which are appropriate to the model.

One of the issues is, that if you take the position – the extremist view – and I’m
not suggesting that you do at all – if you take the extremist view that this is, quote,
“stealing,” unquote, which is what is going on now, you ignore the real need that people
have, for example, to repurpose their media. So what happened – what has happened
with these digital copies is people actually want to be able to use the digital copy – they
want a time shift. They want it – they want to be able to use their TiVo; they want to be
able to watch it on their device when they are moving. They don’t want to just be stuck
with a television.

So if you take the view that I do that radio is incorrectly named, that radio is
really audio entertainment which is on my radio or on my computer, and television is
really incorrectly described – it is really video entertainment, which is on my television
or on other devices, that is what I, as an end user want, and I am willing to pay for it.

And I think the most important comment I would make to all of you who are part
of this is that this is a joint issue. We, Google, are critically dependent upon intellectual
property protection, creative people, and so forth and so on, because that is what people
are looking for. If you don’t do it, we won’t have it to give, and then we lose our model
as well. So we really are critically dependent on this. And I want us to work this out in a
way that is pretty exciting.

With that, I’ll say thank you very much for giving me such a wonderful stage, and
what a great audience. Thank you very much.

(Applause.)

(END)