

Tom: Thank you for having us here. It's a treat to be here. I'm Tom Friedman from The New York Times and The Flat World and my partner in crime here, Eric Schmidt, Chairman and CEO of Google. And Eric, thank you for being here. I just wanted to begin with a broad question. As a newspaper reader, it seems like Google's in the news every day, and it's something new. I just have a really simple question. Where are you guys going? What is the new, new thing for Google? And what is kind of the macro frame around it? Because I know these _____ stories I'm reading, they all are connected to a broader strategy.

Eric: Maybe.

Tom: I hope.

Eric: You're giving us a lot of credit. Well, thank you all for having us here. It's a pretty important event, and I'm so glad people could spend the time. And thanks to the university for sponsoring it and so forth. The news this week of course is that we're integrating the way search works. We've taken the disparate sources of information, video, news, and so forth, and put them together in a common set of answers, which we call universal search. What was happening of course was people were spending all their time in these specialty searches, but they really wanted to ask the right question and get all the right answers. And our signals, our algorithms as we call them, are getting better as we're getting more information, we understand personal behavior and so forth. Last week we talked a little bit about an expansion of the company's mission as search, ads, and apps. Search of course what most of you all know Google as in the sense that it's the business that Google is in, and applications primarily targeted at things we do every day, so things like email and so forth, all in the new online world.

Tom: Eric, some people say the internet is the dial tone of the 21 Century and that access to it not only should be free, but a right for every citizen, that it is now so essential to how we think, work, play, and collaborate. What are your thoughts on that?

Eric: I don't know that the internet is more important than health care for example. But I think it's certainly almost as important. And what's happening now is that if you're not online and you don't have access to the kind of information that all of us in the room have, you really don't have access to the modern world. And I think that's what people are referring to. I think Google is one of the ways in which that occurs. There's hope though. And unlike other industries which seem to be caught in quagmires of this and that and cost structures and inflation and so forth, we live in a world of rapid technological improvement and relative, if you will, deflation in prices simply because of the way technology works because of Moore's Law. And one way of thinking about Moore's law is that it's, we talk about it doubling every 18 months, it's really improving by a factor of ten every five years, or 100 over a ten year period, which is a big, big number. So a lot of

the things that we are talking about now are things if you go back five or ten years ago we were talking about then, but they weren't broadly available. Now they're broadly available. And that's simply because prices have fallen, and prices have fallen because of the microprocessor revolution, the broad application of fiber optics, and the use of this enormous wireless spectrum that's opening up.

Tom: Is there a Moore's Law for search in a sense? You see an effect happening in terms of the depth and breadth of search.

Eric: We see what most people would call a network effect in that we get more and more people putting information in, and that makes the network itself more valuable. It doesn't follow Moore's Law in a medical sense, but you get a concentration of value and understanding. I'll put it another, an easy way to understand this is as you all, if you choose to use the personal version of Google where you can log it, it's known as iGoogle, we learn more and more about what you do, who you are, how you behave. And again, this is subject to you choosing this, we're very careful about this. And we can tailor the results more and more. So you can imagine five or ten years from now Google in some form basically says good morning, and you're late already. But you're always late, Eric. And it's a little creepy sometimes, but it's a pretty powerful notion of having a computer that's so personal it actually understands almost the way you think or at least can mimic some of the things the way you think.

Tom: While you're speaking people are searching and people are authoring content right here in the room at the same time.

Eric: This looks like a Google meeting. Most Google meetings no one is actually looking at the speaker, they're all basically online. And speaking as an older person, this has always bothered me, but I have given up. When we started I had my staff meeting and I said for 60 minutes we're going to turn off our computers. Now I know, 60 minutes, now how many hours are there in a week? We have a meeting once a week, it's one hour. So we did this for one week. The next week they're all like this. And I'm going God, these guys are listening to me really carefully. Of course they had their BlackBerry's under the table. So the addiction gets stronger, and I'm glad to see that fellow addicts are with us today.

Tom: My motto is when I speak to a smaller group is I want to see all ten fingers on the table. I'm not starting –

Eric: I think this is a battle that we have lost. And I think it's fine, and I think it's a statement of how important this technology is. And I do think it's a permanent change.

Tom: What do you think will be the poli- this is The Personal Democracy Forum. What do you think will be the political impact, broadly speaking, of this instant access,

this instant ability to author content and to search content, and to globalize that content?

Eric: It's easier if we talk about the negatives first, so the most obvious is that a very small group using computers can analyze the foibles, mistakes, and errors that occur in natural human life and can exploit them for their own benefit. I can't imagine that you all are perfect every day all the way. I know that our politicians are not. They do make mistakes, and they make a single mistake of word or wordsmithing or so forth, and then they are excoriated in the media for a very long time because somebody else is trying to take them down. So that's an easy way to think of it negatively. I think everyone can sort of see the other examples of that negative. Let's talk about the positives. Most people understand politics in a sort of before television way and an after television way. When I first went to one of the political conventions just to sort of see it, I was surprised that you'd have these sort of normal politicians and a television camera would get in front of them, and all of the sudden they would change, their personalities. It was as if they had all gone to school as to how to behave. And of course we all know that they did go to school to learn how to do all of this stuff. The power of television in politics was phenomenal. You could imagine the same thing now occurring with these personal media. And again, it's because people want to connect and they want to have a specialized message. So you could imagine for example a politician recording 50 different greetings and then based on who you and so forth you get a personalized greeting from the politician. It sounds hokey, but it would probably work. It would certainly get votes, which is what politics is all about. There are more lofty goals and impacts that politics can have, the most obvious one being that people who really are and really do care about truth can use this medium to detect it. I mean the most obvious product that you need is a truth detector, right. You want to know basically did this person say this last year, or did they say something else because people are always very sensitive about these sorts of things. Well, it's easy to do that. It's very, very easy now to have a compendium of every word and deed and so forth. Indeed, there are people tracking them anyway, so now of course we can detect that. And I think it will help with some of the poor behavior we've seen in the political process. It will also be an easy way to refute fact. The other thing that's going to be interesting is if voters will also, and this may or may not be seen in making them more cynical, the voters will become much, much more unlikely to believe things that they read the first time they read them because there will be so much coming at them. Did you know this? Did you know this? Did you know this? I'll give you an example, there are these email trails that are sent around with, they're pointing some, so there was one about the Arabs and gas and it was negative. And it includes a picture of a building which is reportedly a palace of a king, and it's gold and the car is all in gold and so forth and so on. And in fact it's not that, it's a hotel. So there are sites like Snopes, many people here in the room know what I'm talking about, which are set up to debunk these sort of urban myths. So the possibility of urban myths and mythmaking is made much, much more stronger. S

one of the arguments that you could make is that education will change, and that people in universities and ideally in high schools will be taught how to use the information revolution to confirm their biases, learn something new. You'll be taught literally how to learn, how to search.

Tom: You've got to navigate.

Eric: How to navigate. And when I first interviewed at Google, I walk in to Larry and Sergey's office and all of the sudden, I walk in and to me this is amazingly obvious now, they have, Larry has a projector on his screen and he has my biography and my picture on his wall as he's about to interview me. And I thought God, what arrogance that he would do this. And today this is routine. And of course he knew everything to ask me because it's all this stuff I had said, which he didn't agree with. And the rest is history.

Tom: Your answer triggers several questions, Eric, one is my friend, Dov Seidman, I don't know if you've met Dov, has got a book coming out called How. And it's really how you live your life now. It always meant how you do your business, it always matters. But it's going to be more important now because you are so transparent. George Bush never could have gotten elected president had he been at Yale now and there been cell phone cameras of every time he was young and crazy, as he said. There'd be a whole library of George Bush photos laid out on a couch somewhere.

Eric: And maybe Tom Freidman. No.

Tom: Plenty of those. When you and I applied for a job, me at The New York Times in 1981, and you at Google after Novell, you got to hand them a resume. And the resume, as Dov points out, was a proxy for who you are. And you got to write that proxy. Now potential bosses can shoot right past that proxy and Google you. If they want to know how you write they can search your everything from MySpace to Facebook to your college newspaper, if they want to know about your record, whether you've been good or bad. How do you at Google handle that? How do you handle that personally?

Eric: I have a societal proposal. I think that at the age of 21 it should be okay to change your name. Anything you did before 21, and there's no way without a court order to connect to it.

Tom: Yeah, that's great.

Eric: That sort of looks like me –

Tom: Right, but it wasn't me on that cell phone camera selling bones, you know.

Eric: It wasn't me really me, it was somebody else. Two separate points. I think people, one of the problems we're having is that we're developing a lifetime of memories, not every one of which we want people to know. I can think of all the things that I did in high school that I'm glad people have forgotten. I think everybody has some set of such things. And as you get older and so forth you begin to understand that your actions are consequential that you don't understand at a certain age. My daughter calls this too much sharing at a young age. And there may in fact be a backlash among some of the high school and college communities when people begin to understand the negative consequences of this over-sharing when they're, kids are lonely, they want friends and so forth they offer themselves out, and instead of finding compatible, equal, equivalent aged people, all of the other bad things that kind of happen to them online. And it's a very serious issue and something that we all have to think about. And especially with children, you have to talk to them about it. And I don't think everybody understands that. The other consequence has to do with the fact that people are always now in the media in some form. Since everyone is carrying a mobile phone, and every mobile phone as a camera, everyone here in the room has a camera. So you're all, if you will, digital agents of photography. If there's an accident outside you can take a picture of it. As a boy I carried this clunky camera and I saw myself as a photographer. Of course I never had anything to take a picture of. Now of course there's lots of that kind of stuff and it's all online. It can also be searched. Very, very, very good databases are now being developed, they can search all sorts of public information that used to be not available. So you have another problem, which is that information that was publicly known but hard to get to is now becoming generally known. And you can imagine all sorts of things about people with criminal pasts where there's a name alias and so forth and they get misaligned. So we're going to learn I think that two things. One is that people can be falsely charged and actually be innocent. And that's sort of a new fact for most of it because the technology allows that. And then the second thing is I think to do with living with a historical record and people are going to be much, much more careful about how they talk to people, how they interact with people, and in particular what they offer of themselves. In the blogging world you'll see people, you'll look at the distribution, there's a very wide distribution of the kind of blogging. You have people who are very technical, very limited in their blogging, you have other people who blog every thought, which is their choice. And you'll see people making much more informed decisions as a result of the consequences of those things. And there are a number of cases, the most recent one being the Yale law case where there is in fact a whole investigation about misuse of that kind of information.

Tom: You and I knew each other when the world was round and before that kind of flatness allowed for that kind of transparency. How does it change being a public figure now? I'd like to get you to elaborate on that a little bit. I know I was teaching a class up in Boston a couple of years ago on globalization. I was at Logan Airport after the class and went to buy a newspaper and picked it up off the

shelf, and I walked to the pay counter and I got there and a woman was coming from the other direction and I thought I got there first, I put it down, put my money down, and she said, excuse me, I was here first. And she gave me that look like I know who you are. If that happened today Eric I'd say ma'am, could I buy your magazine? Could I shine your shoes maybe? Would you allow me to buy you lunch because the immediate thought is she's going to go post that. God, I was at the newsstand and that jerk from The New York Times, that pushy –

Eric: And here's his picture.

Tom: And here's his picture with his thumb. What's it like for you?

Eric: Well, once scenario is that everyone can adopt, this is a little too depressing, we could all adopt the lifestyle of Paris Hilton.

Tom: Yeah, go the other way, just –

Eric: I mean maybe not you and I.

Tom: Wouldn't work for us.

Eric: But the lifestyle of always, of every hour being completely in the media and it doesn't matter what people say about you, it does not matter. People who are public figures have, again, reputations to maintain and so forth. And the information about their behavior in particular, these are little things that can be used to create a meme, and it can be a false one. I mean did you know in fact this guy is arrogant, and here's a fact. And the way the brain works is that we tend to find stories where there are not. So what happens is they'll be an isolated incident, let's use Tom because we know this is in fact not true of you, but now by mentioning it it might be true, do you see what I'm saying? That's how it works. So we have this isolated incident, we have another isolated incident of you in another airport, right, where another crazed fan sees you stealing her newspaper. We now know to not go into a newspaper stand with you, right. We know your behavior.

Tom: Watch out for him, yeah.

Eric: We are sure about Tom Friedman because we have two data points, both of which are false. And one of the problems with the way story telling works for people is you tend to erect stories where there isn't in fact a fact pattern. And we see this, and it's part of our belief system, it's how humans got through the Jurassic period and those kinds of things. And we're going to learn that those things are not necessarily true. Another thing that's interesting about biases is once they're set in people's minds, they tend to be very difficult to unset. This is again, since this is a political forum, once you have a particular view about President Bush or Senator

Clinton or whatever, very hard to unseat it. And then it's called confirmation bias. Everything that you see confirms that initial bias. So again, we could imagine two scenarios. We have you and the lady in the newsstand, and then we have another scenario where you're a saint, and of course the saints never write about you, but let's assume that they do as well, so you have both patterns. Well, each person who has a bias will then see both truths about you, neither of which is in fact true.

Tom: You mentioned –

Eric: And just to bring this back to Google, it's possible using Google to truly mislead yourself because of this because we now have established this historical record of your misbehavior, and we can find every, and we're sure at the end, in fact people will write whole papers about your misbehavior in the newspaper stand and it becomes a fact, even though it really wasn't.

Tom: Eric, I wanted to talk, go back to the politics point you made, and Google, one of the most fascinating examples I came across last year was in the Bahraini election. I don't know if you saw this.

Eric: I did.

Tom: Bahrain, tiny island state off the east coast of Saudi Arabia, an Emirate, a constitutional monarchy, and where the ruling Khalifa family lives in very large palaces. And the actually majority population there are Shiite and to be underprivileged. And for the first time in this election they were using Google Earth to take pictures of what was actually going on on the other side of those walls of those palaces. And for the first time in Bahraini history, actually Bahraini's got a view of how much land had been pushed out or taken over by the ruling family. And these were then emailed throughout the election campaign and it became a big issue there. They tried to shut it down and couldn't. What happens if the kind of Wamastand(?), we'll make up a country, says to Google one day you looking behind the wall of my palace is a real national security, it's a personal threat to me, and a national security threat to my country. How do you now handle those kinds of things?

Eric: The short answer is we look at it on a case by case basis. We had a situation, I'll give you, the Bahrain one is a particularly humorous one because we ultimately won that one. Governments, even dictators, even kings, even non-democracy structures do at some level need some level of political support in order for them to continue their leadership and/or domination of a country. And they will respond to some degree to political pressure. In the case of Bahrain, what happened was that when they shut down Google Earth there was such a backlash they turned it back on again. And the backlash promoted the information more than the lack of shutdown would have. I think we all understand this, that sometimes the cover up is worse than the crime. And it looks like in a lot of these

specific censorship cases, unless the censorship or whatever you want to call it, that was clearly censorship, unless it has some moral basis that the people can say that's an inappropriate picture or something, or a huge invasion of personal privacy, most people just the way humans are built will say I don't know why are they not letting me see these pictures? The Bahrain example is another good example because Google Earth has brought a third dimension of information. A lot of people, especially people who don't have the privilege of traveling by air, really see a two dimensional world. They see what they can see from their cars or what they see on ladders and things like that. And Google Earth has allowed people to actually see the real structure the way that a pilot sees it, and to do so uniformly. And it's a pretty phenomenal view of the world. I was struck by how different the world is when you have this third dimension where you can begin to locate information geo positionally, whatever the word is. The obvious example is with cameras, every camera, go through the logic, every phone as a GPS in it now because of E911. Every phone is a camera, every camera is therefore a phone with a GPS roughly speaking. Therefore every picture has a GPS coordinate. Therefore you should organize your picture in a picture book based on the earth, where did I take this picture. You could also organize them based on time. Then a more recent example with the Thai government, and as you know because you've written about this. The Thai government was an elected government until about last year, and then a set of generals took over against a popular democracy with or without the support of the king. In Thailand it is illegal to lampoon the king because the king is a venerated figure. And it really is illegal, that's what the law really says. It doesn't say, however, that you can lampoon, there's now law against lampooning the generals. And so the government blocked YouTube, and it didn't just block the video that we submitted that lampooned the king, which was in our judgment was a violation of their law, it also blocked all of YouTube. So after a lot of discussions with the government, it was agreed that eight, roughly eight videos out of the many, many, many hundreds of thousands that are in YouTube were in fact violating their law. So that seemed like a reasonable outcome. Now this was again against a threat of criminal sanction. So I think we're going to see more of that. So the question you asked is how do we handle that? And the answer is painfully, and in each case. Each case is different. We looked at the number of what we call legal take downs of information and there's a thing called the digital millennium copyright act, which a lot of people here in New York know about because Viacom is busy suing us over it. And it's a very important piece of law, and one which we believe we're operating very carefully under. So there are many, many DMCA takedowns that we honor. But there are other takedowns, for example if you publish somebody's social security number, we take that down because we view that as a violation of their privacy. So we have a long list of things like that.

Tom: What's happening with China? You talked about the Bahrainis in a way backing down. Do you see any back down on the restrictions the Chinese government has

been insisting on? And do you see Chinese finding more and more ways to get around whatever those restrictions are?

Eric: Let me explain a little bit about how the Chinese structure works. There appears to be something called The Great Firewall. And they have a long history of these things I guess. And this Great Firewall does in fact prohibit some information from entering China, as best we can determine. We don't know this, there's no website that describes the operation of The Great Firewall. So there appears to be such a thing. And if you're on one side you see a different answer than on another side. So as part of our entry into the country, which we decided was important, we had to be subject to the media laws, which are quite broad. And we, by law we had to be part of that and a specific set of terms which essentially involve political expression, a very, very difficult issue for us, probably the hardest decision Google has faced. And what's interesting about it and the reason I explain it is that this is an issue where there's more than one legitimate point of view. This is an appropriate thing to debate about, how do you handle the situation. I think the Bahraini issue was pretty obvious. So in our case what we decided to do was enter the country, do so legally of course because we have to. And if we omit one of the results, which occurs in one every something like one out of every 10,000 searches or some very minor number of searches, we tell the Chinese citizen that this information was omitted. Now you can imagine what they do when they see this because there are a number of techniques which I probably should not go through since everybody here is busy blogging, which allow you to go around this alleged Great Firewall, and the information then gets to the person. So far that structure has not broken yet. What we do see is that these arrival of the internet in China is changing Chinese politics because there is a lot of expression in other areas. The Chinese press is very aggressive, there's a whole blogging community, which is great, people are getting online. The numbers are there, about 140 million or so internet users, our traffic, that is our user traffic, has been growing very, very quickly. We appear to be gaining market share. So it looks like the strategy is working from the standpoint of getting information to the Chinese. And you have to believe, and I suspect everybody in the audience believes, that the arrival of broad access to information has to be good for the evolution of the eventual democratic state of China.

Tom: As Google becomes a dominant entry point now for the web for so many people.

Eric: Please don't use that word dominant.

Tom: Oh, I'm sorry.

Eric: No, you're a journalist, say what you think.

Tom: And as you see yourself, Eric, getting involved in all these decisions, political, social, economic, technical, from net neutrality to censorship in China, should

Google be a regulated utility, that is should it, has it grown into something that is just much bigger than any private company can possibly handle? And should it be a utility in the sense that the public should have real transparency into how your decisions are made and with some oversight?

Eric: We're trying very much to be more transparent about how we make decisions by taking about them. Most of the most controversial decisions are not easy decisions, even inside the company. From a global perspective, there are plenty of governments trying to regulate us who are unhappy with the prospect of having much broader access to information, so I would not encourage more of it. The company itself is run, and we've talked about this, in many different forms under a set of principals, one is called 70/20/10, 70% of our investment in our core ads and search, 20% on adjacent markets, 10% on other interesting things. We also have a principal called 20% time where technical folks primarily can spend essentially one day a week working on things which they think are interesting that might change the world and use the technology. We've had a lot of interesting products that have come out through that mechanism. The company faces many of the issues that we're describing now. If I go back to say two years ago looking at the list of things that the management team and myself were worried about, these were not top of list. I was not for example very familiar with the differences in legal structures in one democracy versus another. I didn't know how we were going to handle those things. We were much more focused on, internally we were much more focused on just growing. We made a decision about a year-and-a-half ago to be more transparent, and so we try now very much to tell people what we're doing and why we're doing it. And of course the great thing about Google is if you don't like what we're doing, you're not forced to use it. There are good alternatives. So we think that's a reasonable outcome. We're trying now, of course we were able to purchase YouTube, which is just an incredible phenomenon, so another thing we're trying to do is we're trying to use YouTube as much as we can to document what we're doing so people can see it, and then they can judge for themselves. And smart people will take the time to learn what we're trying to do and then provide a good criticism and that criticism is healthy. I think the criticism that the company gets has made the company stronger, and so I would encourage it.

Tom: What have you learned since buying YouTube about the whole phenomenon of people creating video content like that? What's going on? What's the new trend there that you've seen that maybe even surprised you before you bought it?

Eric: We made the decision to purchase the company fairly quickly, so we had sort of an idea of what we were getting ourselves into. But I think we didn't really know until afterwards. And there are a number of things that we learned. One was the incredible complexity of the professional media world. So if you go and visit one of the organizations that does media and media distribution, any of the companies that we've met with, they have an incredibly complicated set of rights, essentially

rights management companies as well as production companies. So do I have the rights for this? Do I have the rights for that? And that turns out to be, to slow down a lot of decision making in ways that I think provide some stability to the business, but ultimately I think technology will make it much easier to do things like rights clearing. Another thing that we learned, that we learned which is obvious now that you think about it is that people get much more upset about a video than they do about words. That video has a much bigger impact on people, positively or negatively than words do. If I told you for example that presidential candidate so and so did two minutes to have his hair blown dry, you'd say okay. But if I showed you the video it has a much bigger impact. And so there are many, many such examples for all the political parties. Indeed, Senator Allen, who uttered an inappropriate word in a particular context may have, on the margin may have lost the election in Virginia, which on the margin flipped the senate from republican to democratic. I'm not suggesting it's cause all, but I'm suggesting it's one of the components. That was a surprise certainly to me. YouTube turns out to be a different phenomena than television. And a lot of people assume that YouTube will follow the commercial structures and the other structures of traditional television, the things that we've grown up with for all these years. It's pretty clear that's not the case. The average person on YouTube watches five or ten videos of three minutes each, and the vision that Chad and Steve had is of user programmers literally rather than having professional people who choose content, their vision was that the community, right, people would say this is a great video, this is a great video, this is a great video. This is exploding. And it looks like video is one of the keystone technologies for the web, as I was discussing earlier, in addition to describing the impact of your mobile phones. Remember, many of your mobile phones are also now video recorders. So imagine eventually there will be a button upload YouTube and now we'll have a video of you back in that newspaper stand. And this is a big change. The explosion in that content is very, very valuable to a very large number of people who are a lot about specific communities. And you'll see a lot of that. It will have very much a long tail distribution. So an easy way to think about this is that let's, we think Google has the best answer for a certain kind of information, so let's say it's some important information, some book in the 16th Century. And you go well, frankly I haven't read a book from the 16th Century since I was forced to in college, so who gives a – that's your sort of attitude, right? That's certainly my attitude. But the person who is dieing to get that reference exactly right, that information is incredibly valuable to them. And the same is applicable to video as well. So not only is YouTube different from television, it's also a case where highly, highly important information that's important to a small community can be delivered very quickly, just as you can with the web.

Tom: Let me go back to something you raised earlier, which is this whole question of hiring. If I want to get hired at Google, how do I go about it? And how do you go about sifting me out from the next person? I want to apply for a job, what happens? And how many people are doing this every day?

Eric: We have a number of hundreds of recruiters who operate globally. And they try to find the top talent. I think in our case we could probably just have a direct conversation because we know each other.

Tom: I appreciate that.

Eric: No, just kidding.

Tom: In my hometown.

Eric: When the company was founded, Larry and Sergey had a very specific notion of how you would build the organization, that you would find the, and we get accused of arrogance here so I apologize upfront, we decided that we would put in a scientific way of finding the very best talent. And the techniques that they used had to do with GPA, universities, energy level. And they wanted, every candidate had to have something unusually interesting about them. So they hired a person who was a rocket scientist in his spare time. The person who did the original technical, the network wiring was also a medical doctor who had given that up because he said it was too boring. The vice president of engineering, Wayne Rosing, was hired, they didn't know what a VP of engineering looked like, but Wayne was in fact an amateur astrophysicist, which I thought was very, very interesting. He has since retired to do astrophysics full time. So the characteristic of recruiting was to look for people who had something beyond a normal corporate view. They had an interest or a passion. And that I think has been the best lesson I've learned of all at Google is that the most important decision that you make as an executive is recruiting, and that the most important decision you make in recruiting is what kind of a person are you getting? Now there are plenty of jobs in the world where you don't actually want people to be astrophysicists, you actually want them to be the expert in just this and not an astrophysicist. But in creative jobs, and again, I suspect that with this audience and here in New York, most of you are in these creative roles, you really want people who have a broad range of interests. And it doesn't really matter what it is, but the fact that they have one. There's an interesting statistic that there's, in the 1940s there was a test that was essentially a rote test that people did, and it was thought to predict IQ and performance. It was ultimately proven that it had no correlative prediction whatsoever. However, with respect to IQ, however it did in fact predict eventual success in school. So eventually social psychologists went back and figured out that the fact that you could take the test and pass it was the fact that was predictive, it didn't matter what was in the test, the fact that you could actually get through it was predictive of your eventual behavior. So one way to think about it from a Google perspective is the fact that you have a broad range of interests means that you're much more likely to be successful in the mission at hand.

Tom: Mark Tucker who heads one of the national education foundations has a nice way of putting this. He says where innovation comes from is actually having two or more specialties and applying the specialty of one field to the specialty of another. It's that kind of a mesh basically. And that's where the most interesting synthesis come from, people who do that who connect dots I think are very often in that field.

Eric: But innovation is a great strength of America. If you look at the educational system, and in particular the higher educational system, it produces these amazingly creative people who need a platform. And the internet is the best platform yet upon which for you in a small group to innovate in your new idea. And another thing that's happened in the last, especially post bubble, is that the cost of being an entrepreneur has gone down very dramatically. So there's a very large number of opportunities now where the barrier to entry to becoming an entrepreneur is very, very low. And people are going to try things. One rule about the internet is every avenue is tried. So if you sit there and you say well this will happen, this will happen, this will happen, this will happen, and I have to chose, in the internet all of them will be tried and one or two will actually sort themselves out. And that's one of its strengths, it's a biodiversity strength, we really do eventually come up with something that's very, very resistant to disease, if you will, in the disease metaphor.

Tom: And do we go to question now or?

Male: Yes.

Tom: Great. So the floor is open. Sorry.

Male: We'd like to make sure that the questions come from paid attendees, not from the press. So if you could identify yourself at the beginning of your question.

Tom: I'll let you guys chose the people then.

Male: You can go ahead, Tom, I just wanted to let everybody know.

Tom: Go ahead please. Identify yourself.

Male: So go ahead, Jeff, it's fine.

Q: I'm Jeff Jarvis, I cover the election through the eyes of YouTube on _____. And I'm curious, and it's just barely begun to use this whole piece of it, I would like to hear your advice, what should the _____ on the internet as a whole, but especially on YouTube?

Eric: Well, first place, as you know in YouTube, because you're covering it, we've done this You Choose phenomena where we're actually showcasing, we're busy showcasing the various leading political choices in both parties on a weekly basis. We're also pleased to announce that we're going to have, one of the democratic debates is actually going to be on YouTube, and we'd obviously like to do that with the republicans if they're willing. I think part of the issue is that people are not used to now using the medium to its fullest, which is the premise of your point. And many, many organizations produce an awful lot of video that doesn't go anywhere. So a simple thing that a politician can do is simply say I want everything that I record, that I do be available at least to one person. So after all the other stuff has been distributed and all these paid infomercials and these beautiful shots of me and my constituencies and all the dams that I've built and all the great things that I've done as a politician, all the other stuff I'd like to have that on YouTube. And part of it is because it will generate a buzz. Part of it is because it will get people excited about corners. People are always debating well, what is such and such a person's opinion on this or that, you could organize your, for example your political campaign around ten YouTube videos. So another specific example, ten YouTube videos, each of which are three minutes long where you're talking about a specific area, health care, what have you, local issues, taxation, the war, those kinds of things. And it's a good medium to get that out. When you get the right message in that kind of forum, what will happen is that people will begin to send it to each other. You can imagine the following model, let me use a sports metaphor because it might be easier because we just did a deal with the NBA. We have a short NBA basketball film that is sent to my mobile phone, and I look at it and I think that I disagree with the guy or I don't think they played very well, so I send it to Tom on his mobile phone. He looks at the video and he says no, Eric, you're completely wrong, and he sends it to you and says, and annotates it. You can imagine once that viral structure is in place, you get a very, very strong positive political outcome. Furthermore, if you don't do it, and this is unfortunately the negative, someone could do it to you, right. The most evil things said by this politician in cut and paste. It's much better to seize the medium now. And I do believe that technologies like YouTube, Google, the internet, will have a significant effect on the '08 elections. I'm not suggesting that it will cause the outcome, but I do think that all of these technologies will be a significant impact.

Tom: One of the chapters I've added to The World is Flat, which I'm going to talk about afterwards, is around that rule that when the world is flat whatever can be done will be done. The only question is will it be done by you or to you? Up there.

Q: Can I ask a question?

Tom: Please.

Male: Can you wait for the microphone please?

Tom: They're going to come with, is there a mic up there?

Male: Yes, there is. There's a mic upstairs. Look straight, here, I'll stand up.

Tom: Yes Gary.

Male: Hi, guys.

Tom: Go ahead.

Q: I wanted to ask you a question in terms of your experience in the international realm, taking on from Jeff's conversation, there was work in the English campaigns that are beginning to start with Web Cameron. Do you have any other experiences using the tools, both video and others, in international campaigns that we could learn from that you've seen from the Google point of view?

Eric: I've not seen anything particularly different from what we just talked about. Again, I think that everything we've said about the United States elections will also be used in other democratic elections. The most interesting question is how will this technology affect less than democratic political processes. My personal view is they will accelerate a more open dialogue, a more critical nature because even people who are not, who are the winners in a non-democratic election process, however they got there, are sensitive to the way they're perceived, their perks in the power structures that they have can be toppled by the will of the masses at some point. So people are going to use this. The example that I would use there is let's imagine that you become a dictator for a day, of course this would never happen, and we assign you a small country. So the first thing you would do, since dictators have tanks, is you would take your tanks and you would close your borders. The next thing you would do is take your tanks and go to the television station in the country, and of course there's usually one, and you would take it over. And at this point the population of the country is shut off, and then you can do your evil deeds as a dictator. The internet makes it essentially impossible to do that. It's essentially impossible to shut down the kind of communication that are unfortunately example here of a dictator could have done years ago. So my personal view is that the internet is the best single argument in favor of democratic expression, but more importantly, personal individual freedom that's ever been built. And I think it's a wonderful thing.

Tom: Andrew.

Q: Eric, I've noticed that American politicians, when they have a video camera in their face, they think it's television. It seems that all the presidential candidates who have been doing their announcements on the internet or anywhere else where

they, they somehow react to the video camera as if it's a television medium. And they don't quite seem to understand that it's a completely different culture, and their authenticity doesn't seem to flow in the internet media as it would in network television. Do you have any thoughts on that and why that is? Or is that an example of the old culture not quite understanding the new culture?

Eric: It's surely a generational shift. And it's perfectly possible that the next generation of political leaders will behave very, very differently in a form which is more and more dominated by smaller video segments. The counter argument is that politicians have always, politics as we've seen it practiced has always been about sound bytes, and the internet is the best way of delivering sound bytes ever invented, just one after the other and after the other. So I don't think we know yet. We do know that online video tends to need more humor, it tends to need more excitement, it tends to need to be quicker, perkier, whatever term you want to use for it to be effective. People lose interest quite rapidly when they see some long monotone on their computer screen.

Tom: Yeah, please.

Q: Hi. I'd like to know Google's reaction to the recent restrictions by the military on social networking sites like YouTube, Flickr, MySpace, _____, etc?

Eric: We would prefer that they not.

Q: Do you think it's political or _____?

Eric: I don't know, I just read the story. It seems to me that people are pretty good at deciding how they should spend their time. So we're not in favor of people limiting access to any of them, certainly not YouTube.

Tom: All the way back up there in the white shirt.

Q: _____ talking about –

Male: Wait for the mic.

Female: We've got another one right here, Tom.

Tom: Okay. Go, and then we'll go back to you. Please go over here.

Q: Okay. Dr. Schmidt, I'm Steve Peterson from The Biddens(?) Group. About personalized search that Google has recently implemented, how do you, when there's a concerned expressed about like the whole idea is you want to provide more relevant results when someone searches on an individual level, at what point are you concerned that it might provide information, for instance political

information, that conforms to someone's world view and bolsters it and in a way it kind of prevents people from finding new information or information that challenges their world view?

Eric: I think this is why we need to invest more in education in our country. I mean we're not going to as a company make a value judgment on how people should personalize or how personalized their information sources should be. We want people to make those decisions ourselves. What I certainly hope will happen is that people will understand that they shouldn't have too narrow a view. Narrow minded people will be narrow minded people with or without Google. Google can make them even more narrow minded, that's obviously not a good thing. But from a personalized search perspective, a reasonable statement is that people who are searching are learning, and learning is always a part of a good life.

Tom: Do you have a question?

Male: One last question.

Q: You're talking about all these new technologies in terms of the old world where you have to petition the authorities or the king to get anything done. The internet is not a phone system, it's sort of a way of doing things without having to ask permission. How does that, and essentially brought the U.S. being a lot of innovative and entrepreneurial. But to a large extent, that is because you didn't have to ask permission or even be aware there was a government. How do you see sort of this view of the internet being, giving individuals the ability to have an effect locally and compositing that affecting it versus the more hierarchical having to influence and sell ideas to everybody? How do you see that sort of transformation of our political mindset playing out?

Eric: Let's imagine a political process where instead of having politicians who told us what their policies should be, we simply voted on what positions they should take.

Q: But what if you didn't have to vote, you can act.

Eric: But I'm making the argument about the internet that assuming that you had authenticated the users, that you actually knew that they were humans, it would be possible for example for politicians to perfectly sample what people –

Q: No, I understand, but you see, you're assuming that the goal is to use this to influence politics and that there's this physical this phone system called the internet. But what about obviating the need to make so much political versus individual actions, but as it were, I prefer the word, use of the word topology than flat, but let's use the flat, in a world where you don't have to go up the authorities to act.

Eric: I don't think politics are going to go away. I think that the political process that we've all grown up with will morph, and I think it will be political at every level. It's true that the internet allows self action, which is what you're referring to, it's more direct. But that's always been true, it's just now on a large scale. So the balance between the individual interests and group action and political action is something which has been debated for many, many years in our society. What's interesting, by the way, is that different cultures have different views on this question. So some countries and some essentially, it's really a cultural question that you're asking, there's a long history of American entrepreneurship having to do with the Wild West and the great expanse of land and so forth and so on, other countries don't have that as a shared model of how people should behave. They're much more conformists. The question to me is to what degree do the existing cultures that we all take for granted in stereotypes around the world, to what degree does the internet change them or reinforce them? You can make a, it goes roughly like this, there's going to be another billion people who are going to join in the internet revolution in the next three, four, five years. They're going to do it primarily through mobile phones. When their voice is heard past their village, past their town, past wherever they are, when they're heard in a larger audience, does the world become more flat in the Tom Friedman analogy, or does it become more polarized? Do they find people like themselves and become an even more polarizing force? Or do they become more socially shall we say acculturated in a good sense. I don't think we know. We're running that experiment as a society now, and I think it's important that we do as much as we can to shape the good society model outcome. My personal view is that it will come that way, that the benefits when people see so much information, even if there's not such perfect information all the time, my personal view is that the benefits of that empowerment are so overwhelming the concerns that everyone has that it's a much better world as a result of it.

Male: I'm going to have to ask everybody, that's our last question. I'd like to thank our keynoters. Let's give them a big round of applause.

END