



## **We're Not in Kansas Anymore:**

### **People, Power and Politics After the Tornado**

#### **Speakers:**

John S. Chen, BlackBerry

Dave Morgan, Simulmedia, Inc.

Tony Scott, Office of Management and Budget | The White House

#### **Moderator:**

David Kirkpatrick, Founder and CEO, Techonomy Media

(Transcription by [RA Fisher Ink](#))

**Kirkpatrick:** We have a panel here, and we're going to have a discussion among ourselves for 20 minutes or so. But we've got an hour, and everybody in this room should be a part of this conversation. We're all in shock. I think that's a given. Even the Trump campaign didn't expect to win. Nobody expected this outcome.

But I'm hoping that what we can focus our conversation on, since we are Techonomy, and since we're believers in tech, and since we have a unique opportunity to focus on this issue of what do these results mean for tech? That's really what I want to hear as much about as possible. And when I say tech, I mean the tech industry, I mean tech investment, I mean tech use in government, I mean the concept of tech as a tool for global, and national, and regional, and city, and personal progress. All those things. How are any of those things affected, changed, improved, diminished because of what's just happened?

But let me just quickly introduce who's up here with me, because I'm super excited about having them here. John Chen, CEO of BlackBerry, a long time friend of Techonomy's and of mine. He gets a lot of credit for trying to turn around BlackBerry, and he's done a pretty darn good job. And he knew it was going to be tough. Prior to that, he had been at Sybase and did an excellent job there. You were born in?

**Chen:** Hong Kong.

**Kirkpatrick:** Hong Kong, and been in the US for most of your life. But John also, he has a really interesting perspective, because he's been in the course of his career extremely deeply involved in China. He was the chairman or the president, of the Committee of One Hundred, which is the hundred most eminent Chinese-American business people. And you've done a lot to try to facilitate dialog between the US and China. So that's just background, in addition to

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your managerial skills. And in fact, you are a republican, but did you support Trump? I'm just curious.

**Chen:** I can't tell you now.

**Kirkpatrick:** You can't tell me know? Okay. But in any case, you're republican. You're not ashamed to admit that. And I'm not embarrassed to admit that you are. [LAUGHTER] Even if I were. In fact, I don't even think it matters that much.

Next to him is Dave Morgan, who is another very close friend of Techonomy and of mine, who is the CEO of Simulmedia, a very, very successful New York based advertising technology company that focuses in on targeted advertising on video and television, which is a business he started after two successive internet ad targeting businesses, to bring a sort of internet ad targeting mindset to television, where the lion's share of dollars were spent, and are still spent in advertising. And he's done an amazingly good job. Techonomy was actually located in Simulmedia's office for our first two and a half, three years. But his company has grown so much they had to kick us out. And now they've outgrown that space, and they're in a huge space on Park Avenue and 28<sup>th</sup> Street.

Finally, Tony Scott, somebody else who I've known an awfully long time, who is now the CIO of the United States, in the Office of the President. It's part of OMB, right? Tony was the CIO at General Motors, he's been the CIO at Disney, he was the CIO of Microsoft. What am I missing? What else did you do?

**Scott:** Bristol-Myers Squibb and VMware.

**Kirkpatrick:** He's really got an eminent history as a corporate technologist, and now a government technologist. So I'm pleased that he's here, because he's inside the current power structure, and I think what happens to the power structure in general is one of the questions we have to ask.

But having said all that to introduce you, anybody can say anything to start, because I have no questions written. I just want to hear—I didn't know how to prepare for this, because we didn't know what would happen. So what do you think happened, yesterday, Tony? That's a good way to start.

**Scott:** Well, I think we're still finding out. I think some of the analysis is obviously obvious, that there was a big surge in parts of the country that nobody saw coming and predicted at the scale, largely people who felt anger and being left out. And I think a lot of the analysis is saying, wanted to say, "We want change." So we'll see. Our office is prepared for a change, no matter who was going to be the next president, and that's where we're focusing our efforts.

And just to go to one of your questions, I think no matter who is president, they're inheriting a government that's very different than the one that was there eight years ago. It's beginning the

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road and on the way to digitization. And I think that's a relentless journey that's unstoppable, no matter who is president. So there's lots of policies and so on that you can argue you about on lots of other issues, but this relentless digitization of government and engaging with citizens in a different way than we did four years ago or eight years ago, I think just continues, and probably accelerates.

**Kirkpatrick:** But as a congenital tech optimist, who really is part of that mindset, are you any less optimistic about tech's role in society and in American society as a result? Do you worry? Has anything, you think, fundamentally shifted about what how tech can be employed to make the world better?

**Scott:** Well, I think there are a couple of things that we're really coming to terms with. One is there's a couple of paradigms that we're going to have to probably get rid of and think about differently. One is the metaphor of the org chart as the design template for how technology gets implemented. So any organization where you take and look at the org chart and look at the infrastructure and the applications, and they're one in the same, you know you're in trouble, and you have to blow that up. It's true in the federal government, it's true in companies, it's true in the way that we procure and want services from government, and so on. Like today, you have to know way too much about how government is organized and its org structure to go find the right website to then go do the things that you want to do. And that's going to blow up in probably the administration, or shortly thereafter. It started to blow up under the Obama administration. But it's true of companies as well. It's true of all industries. So that's one paradigm that I think is going to have some significant affect on how we think about everything.

And the other one is—this is more hardware and software, but we've had this paradigm that everything should interoperate with everything else. And that ease of interoperation has been kind of the main design criteria for everything we do. And there's a new world coming, with the internet of things, and so on, that says, yes, interop is easy, but should I interop? Should I engage with this thing? Do I know what it really is? Is it safe? Is it performing the way that it should be? And so on. And that changes everything about how we interact with technology. And we'll have ideas about technology that's safe and good to use, and we'll have refined ideas about technology that's not safe, based on that interaction. And government is going to play a role in that. So I think these are just two of the really important things—

**Kirkpatrick:** But the election results don't change any of that for you?

**Scott:** I think it's relentless. You can look at every industry and see the effects of digitization on that industry. Take media. Take healthcare. You pick any industry, and this relentless digitization journey, leveraging technology is unstoppable.

**Kirkpatrick:** Dave, I can tell you have something to say.

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**Morgan:** Yes, I think, as you know my perspective is, I live in Manhattan, I've done three tech startups, venture backed, and sold two of them. I grew up, though, in a small coal town in northern Appalachia in western Pennsylvania. Maybe 10–15% of my high school went to college, 25% went to the military. On my Facebook, it was no question to them who was winning the election, including those who were college educated. It was no question whatsoever to them. I mean, to me, I was surprised. And I've been part of for the last 20 years this unique, special, innovation economy bubble where we can access capital, we can implement it, we can hire very diverse work populations, we can live in New York, we can not have to deal with a lot of other people. And clearly there's massive disconnect between where I'm from and where I am today, and not understanding each other.

And just to be clear, I was thinking about it as we were talking, the year before me in high school was someone who became the chief scientist for the Cape Kennedy Center for NASA, and my brother's a Carnegie Mellon, now Navy spook engineer. So, the people who had tech left. Our town collapsed because of the steel industry, and the loss of coal, and the loss of firebrick clay. And we don't worry about that, and we aren't aware of that in Manhattan, or when I'm at tech conferences or banking conferences with these people. And clearly that mattered. And I think what I worry about that will change is I think there is no question that a lot of what we do is because we are given a lot of extra room to operate in this economy than was given 30 years ago, access to capital, regulatory issues, an awful lot of things, taxation issues, immigration issues that could easily be taken away, and without legislation. I mean, I used to be lobbyist in the industry. So those things worry me a lot, because without an understanding between those two polar groups, it's very easy. We saw what the justice department did to Microsoft, and really changed it quite a bit. Or what's going on to Google and others in Europe right now.

**Chen:** Okay, well I just came back from Asia last night to make this.

And when I landed it was about 10:00 or so, p.m., and I got in the car, and of course I'd been off the grid for 12 hours, and I heard what was being broadcast, and it was before Pennsylvania was called. It was quite shocking, really. If you look at the map, it is quite shocking. But I think really, thinking back—I mean, I'm sure there are a lot of analysis that are going to be done in the next 30, 60, 90 days, or even years to come. I think when thinking back, there's one thing that we that live bicoastal in a tech industry have missed completely, is the whole concept of jobs. And what is loud and clear to me was they are going to try to return the jobs.

And if you listen to—I stayed up long enough to listen to the Trump acceptance speech. He went straight to infrastructure building, which is of course the Democrats' platform. And he was smart enough to know—or whoever the advisor may be was smart enough to know that in order to fulfill the promises to Missouri, and Iowa, and Wisconsin, and everybody else, you have to create jobs that matches the certain level of skills, and the know how. So he's talked about

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the auto and he's talked about infrastructure. And I think I myself for one, I completely underestimated that power. Although everybody is focused on how he delivers, and what he said about building the wall and stuff. This is just to go back to that first statement you asked, what do you think happened and why it happened, it was obviously shocking to—

**Kirkpatrick:** It is interesting on infrastructure, though, pertinent to our themes, he doesn't really seem to understand that infrastructure includes digital infrastructure. Whenever he talks about it, he talked about—did he say it last night? No, he always talks about roads. Even if you go to his website, there's a thing about infrastructure, and there is something in there about communications. There's one word, communications. Or maybe there's telecommunications. But it doesn't really encompass what we know to be critical.

**Morgan:** But is it because of the capability? In other words, he's fitting the infrastructure to the people who can do it, not—

**Kirkpatrick:** So it's just the job creation mindset?

**Chen:** Right.

**Morgan:** Totally. And I think that's, I do think that's the challenge. And I do think it's deeper—

**Kirkpatrick:** It takes people to lay fiber, baby.

**Morgan:** Well, but would fiber be all that you would lay? Is it just the e-trenches?

**Kirkpatrick:** No, it's true. We have quite a bit of fiber, too. Okay.

**Chen:** If you look at his website today—I didn't look at the website, but my guys told me the website—repeated the thing about—we're going to get to that, I'm sure, in the conversation here—about negotiating NAFTA, priority one. The next 100 days. The first 100 days. You look at what he said right now, renegotiating NAFTA, get out of TPP, and I think the third one would also be—

**Kirkpatrick:** You mean the trade ones?

**Chen:** The trade ones. There's another one that's a trade one, and I forgot that. Sorry. Probably something to do with the WTO and stuff like that. He wants to renegotiate deals—oh, no, the third one was declare China as a currency manipulator. That's an interesting, that's going to be interesting. Those are the three.

**Kirkpatrick:** He says with a smile.

**Chen:** Well, they're forcing China to reopen the deal. The TPP part of it China will like, and the other one China won't of course.

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**Kirkpatrick:** Because the TPP was set up against China. I mean, it was set up to create a counterweight, right?

**Chen:** It was set up as part of—it's arguable. My view is it was set up as part of the containment strategy. If you're pro-TPP, you'll say it's to raise the standard that included labor law and environmental criteria.

Anyway, I would like to answer, I would like to piggyback on Tony's comment. I think that in my view of the next four years—if there's not eight, but at least four—a lot of the tech industry stuff and the infrastructure stuff that we talk about, communication infrastructure, now I'm talking about cyber security and stuff, it's going to happen. I think it's going to happen underneath him a lot faster, because he never deals with the global concept of things, or a framework. He deals with it like a business deal. It's like me at the end of a quarter. I'm dealing with deals. I'm going to deal with 500 deals. And I want to see those deals. That doesn't mean it's bad. I'm just saying.

Now, what the problem is over a period of time, if you don't watch out, these deals completely are counter—it's not collectively working together. There's no framework, so maybe the next president will come in and say, "We're going to build efficiency, effectiveness, we're going to share data, we're going to blah, blah, blah," and that will be framework. That's politics, you know, you go one side and then you come back the other side.

So anyway, the point is I actually think that his party, his team around him is against regulations. He's more like just get the instant gratification, just get the deal done. And I know enough that they are serious about cyber security.

**Kirkpatrick:** It's interesting, in the magazine that you all got, that we produced with conjunction with this conference, we did have a spread toward the back where we asked a number of people in our community what are the top tech related issues for the next administration, regardless of who it is. And the number one response was cyber security. Focus on cyber security. It came in a lot of different forms. If you look on that page, you'll see what I'm talking about. There are other issues, but that's a key one. And it is something that he has talked a lot about, although he always calls it cyber. He just calls it cyber. And you sort of wonder when he says, "We've got to put money into cyber." Okay, I guess he means cyber security. I don't think he's ever said cyber security. He just says cyber all the time. So that could be a good thing though, right? We need to do that. I asked Tony in the green room if I could—can I tell that story?

**Scott:** Yes.

**Kirkpatrick:** I said, "Is it possible since we did hear talk that Putin was trying to meddle in the U.S. electoral system, that there was an effect, since even the Trump campaign didn't expect to win?" And Tony said, what did you say?

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**Scott:** I think, based on everything we've seen, there's zero chance there was any impact or any significant meddling in the actual election itself. We had monitors all over the place. We saw examples of sort of garden-variety hackers doing things in various places, but nothing at even a fraction of a scale that could have any impact.

**Kirkpatrick:** But given the position you're in in the US government, what level of priority do you put cyber security protections in the scale of things that we need to be focusing on?

**Scott:** Well, it's huge, but I think people misunderstand the nature of the problem a little bit. So let me just give you a couple of facts. The US federal government spends about \$85 billion a year on technology, supporting the missions of the agencies of the federal government. More than 80% of that is spent on just keeping the lights on, just keeping stuff going. I went to three significant vendors, think compute, storage, and networking, a few months ago and asked them, "Tell me what dollar amount is going end of life, of the stuff you've sold the government in the next three years?" Collectively they came back and said \$7.5 billion goes to end of life, meaning no spare parts, no patches, no support, nothing. That doesn't include software, that doesn't include stuff that's already gone end of life. We have 40-year-old, 30-year-old, 25-year-old technology doing the heavy lifting in the government. So of that 80% that we spend on maintenance, it's inefficient, and the money we spend on cyber security is air bagging and bubble wrapping old stuff.

And so to really solve the cyber security problem, what you have to do is go back to a better design in the first place, upgrading and replacing and getting to a more modern platform in some way or another. Those are the challenges that the next president is going to have. So you can say, I'm going to go fix cyber. I'm going to hire a bazillion people, and so on, but if you don't go after this legacy installed based, it's a fundamentally—

**Chen:** But that will go back to the point you made earlier, the only way you can make that happen is to replace systems that eventually will disconnect with each other.

**Scott:** Yes.

**Chen:** At least for the short term. I mean, that's just a strategy question, whether that's acceptable.

**Scott:** Well, there's another thing, too—and I fault my own team and the CIO's in the federal government. We have not done a good job of saying to congress, "Here's the size of the problem. Here's how big it is and here's what we could do to go fix it over time." We've run around, looked at our shoes, said, "Oh, it's old," you know, and so on, but we've never dimensionalized it to create a demand signal to say, "Here it is," serve it up on a platter, "now there's a choice about what you can do to fix it."

So we have a bill in congress right now that's passed the House, a bipartisan bill to create a \$3 billion fund where you can go take a loan out if you're a federal agency and use that to start

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the replacement and upgrade, modernization. And the only thing that's different about this is you have to pay it back. So once you get the savings, then you pay it back, and that fund can be used to go fund the next set of stuff. It's got bipartisan support. I'm hoping it passes. But we've got to get on the journey.

**Kirkpatrick:** It's an interesting idea.

**Morgan:** I want to offer something, I think because you know I'm an eternal optimist, I wouldn't be an entrepreneur if I wasn't. But I want to raise an issue that there is a sense that we can think that no matter what happens in this election, there's some fundamentals of technology and what we do and what's going to happen and going to go forward. I'd like to suggest maybe there's something bigger that's happened that we may not be paying attention to, and it may not be as it happens. And that's how we looked at this election, the sense that what happens today is what we saw happen yesterday, just sort of happening in a serial process.

One of the things, and you and I had talked about it, I had stumbled on a book six months ago, somewhat accidentally, which is called "The End of Economic Man: The Origins of Totalitarianism". Anyone know this book? This was the first book that Peter Drucker wrote. He wrote it as a 22-year-old man, first. It didn't get actually get published until he was 26 or 27. He was living in Italy in the early 1930s. He was a journalist. And there was this person Mussolini, who everyone thought was sort of a bit nut case and he didn't take him that seriously, and they thought through some unique circumstances, just some angry people, and he gets elected. And he writes about this. And he said, "No, there's a really fundamental, social, political, structural, economic issues going on here that this is a manifestation of, and we need to understand the causes, and we're missing it. This isn't just some thing that's going to go away in four or eight years. This is something big." They wouldn't publish it.

He's Austrian so of course in 1933–1934, he goes to Germany. And he's in the meeting halls when Hitler and Goebbels are speaking. And he's listening to them. And he's like, "Wait, I'm telling you. Exactly. This is what I just was writing." And so he writes a more complete book. And he tries to get it published, and no one will publish it, because they're like, "You're taking an extreme position that there's some fundamental, structural problem in Europe. And that's not the case. We just have two unusual circumstances, nationalist issues. This is not a structural, continental issue, societal issue." And then you have the Munich Accords, and he gets it published. And the first person to review it is Winston Churchill, who realizes how powerful this is. And it's funny, I'm just going to read something in the table of contents, but I read it accidentally six months ago. And you have things like "The despair of the masses," "The return of the demons"—these are chapters—"The totalitarian miracle," "Miracle or mirage."

And my point is, if you read this book, and this is his formative book, you realize he saw structural things, what the media didn't do and didn't take seriously, what the prognosticators couldn't understand, the business, the church, had not held there. I would argue that there is

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something bigger here in this disconnect that is actually going to prevent us from having this structural rule of law, fact-based, empiricism that we've been dependent on. And I think we really in the tech industry need to take that seriously.

**Kirkpatrick:** That is really useful, because I have to ask, especially in conjunction with the analysis of last night, people are talking about Marine Le Pen really may be the next Prime Minister of France. So this is a global thing. There is a global thing going on that is a change in psychology of the mass of developed country citizens. And we have to wrestle with what it means. And it is so fascinating to me that it is happening exactly at the moment when smart phone are penetrating almost universally in these societies. Right, there is a new empowerment of the individual, that I've been writing about and talking about every since before we even started Techonomy. And exactly the connection between the two, I scratch my head about, except the filter bubble is one explanation, the ability of people to aggregate with people of like minded views that they didn't know they could connect with before, didn't realize the numbers, the ability to be reaffirmed in what would formerly be seen to be a minority point of view, etcetera, etcetera.

But what I guess I continue to come back to, to go to my opening comment—opening of the conference and the opening of the session—is how—maybe this is really what I'm interested in here. I don't even know why we had this session, but how can we use the reality of where we are with technology to help us in this moment? And I don't mean help disenfranchise these people or try to tell them they're wrong. But what can we accomplish that will make people more satisfied with their lives, because actually lives are better in all of these countries. That's the bizarre reality.

**Morgan:** But they need a bigger unifying mission, I think. I mean, you can say lives are better economically. I think there's no question. I mean, my little home town, Walmart's the largest employer, the cost of living has gone down so much that they aren't making that much money, they don't have to work that much, but they all can buy TV's because they can get them for \$139 flat panel 40 inch. And I think there's a lot of noneconomic, the dignity issues. My hometown used to have this sign, "All American City" under John F. Kennedy. And they made things and they felt proud. And they don't feel proud anymore. And they're not part of this—they can't go to Code Academy. They're not part of this where we go next.

I totally randomly had a—I ended up flying between Orlando and L.A. with a former astronaut, who I didn't realize he was one of those until by the time we landed. And he talked about the problem, the beauty of Apollo and having a big mission, and exploration, and discovering how different that was for him with the space shuttle program, which was about a business and driving trucks, which is why they had accidents, because it was about business. And I think too much of what we do in our tech today, for most of them it's about our business, it's not about them. And something like Apollo—so I would say, the infrastructure opportunity is not

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necessarily about the highways, it needs to be about our NASA missions and our Apollo missions, something that's bigger and galvanizing.

**Kirkpatrick:** And the tech industry sort of needs to take that on, and all of industry needs to take that on, effectively.

**Morgan:** And realize they're never going to send them to Code Academy for eight weeks and then bring them into their companies. They're going to have to find some other ways to go to them.

**Kirkpatrick:** John, what were you going—

**Chen:** I'm going to argue with that. I don't think most people think we're better off.

**Kirkpatrick:** No they don't, but we are.

**Chen:** We are?

**Scott:** Empirically we are.

**Morgan:** Maybe ask them.

**Kirkpatrick:** No they say we're not, clearly.

**Chen:** I hear from even people who are very developed cities, like Japan, and China, and all that, the people that are starting out are unable, that the gap of the have and have not is so huge they are unable to see themselves being in the hopeful state.

**Kirkpatrick:** Yes. The gap is huge.

**Chen:** So the fact that you give them a flat panel TV for \$139 to watch football, it's not the most assuring thing in life. They don't feel there is that hope of moving forward, working hard that I could attain. Part of them because of the society, part of them because of the negative of globalization.

**Scott:** It's another thing too. What you're talking about is the vanishing middleclass. So automation and digitization is going to wipe out even more of that. So if you're a clerk working in an insurance company or a medical technician, we heard a talk about getting rid of lawyers and so on, those are the jobs that are disappearing and disappearing fast.

**Kirkpatrick:** I just want to put a big, bright red arrow on the word Dave used though, dignity. I think that is a very insightful thought, because people's lives are longer, they actually are objectively healthier, standard of living is objectively better, but they lack dignity. And the question is how can they regain dignity? I don't know. That to me is a key question. Maybe it's a question for Mark Zuckerberg tomorrow. I don't know.

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**Morgan:** Some sense of control in what they do, and some sense that they can ascend and go forward. And one of the things that is interesting, because after this book of course I had to read other Drucker books, and I read then the "Concept of the Corporation" about General Motors. And I found fascinating that in the 1940s, mid-1940s Drucker wrote about the living wage. And he said that we have this really big problem with the decentralized corporation that we brought cost accounting into it. He says cost accounting, he says this in 1946, is going to be the destruction of the balance between management and labor. And he said because to management, cost accounting has taken it down to the wage unit hour cost, and to labor, labor is a life. It's living wage. What do I need to feed my family this year? And then how do I deal with a catastrophic problem? And then third, if I have a chance to participate, which was the pension fund. And of course we blew up the pension funds with the raiders in the 1980s in Wall Street. And so they lost that piece, they lost the catastrophic, and in Walmart makes sure they don't work more than 29.5 hours and have to go on the health plan.

And so I think those are the core structural issues that no one sits and thinks about. Like is cost accounting the best way to be running businesses if in fact we look at labor as no different than cost?

**Kirkpatrick:** Well, maybe we're not factoring in all the externalities into our accounting. I mean, maybe that's a big philosophical issue. You get into that with environmental issues, and maybe we need to start entering into our economic dialog, but I wouldn't expect Wall Street to be excited about that anytime soon.

But I would like to broaden this to any of you. I don't know if we can get the house lights up a tiny bit, but I would love to hear anybody make a comment. It doesn't have to be a question.

**John Suh:** Hi, my name is John, from Hyundai Motors. And I think if we're all in this room techonomists, my conclusion is that technology has failed us, because we assume, we're assuming that technology is somehow a panacea of some sorts.

**Kirkpatrick:** Well, I don't call it a panacea, but go on.

**John Suh:** Okay, I'm being extreme to make it extreme. But I like Scott and Dave's viewpoints about the question of dignity, right, why are thinking about is technology going to solve this problem? I think we have, as techonomists, I think we have to become more aware of the limitations of technology. It has limits, really fundamental limits. And so maybe to your question about dignity, maybe it's a point that maybe technology is not the answer. And I think we have to have that conversation too. Not struggle why—

**Kirkpatrick:** What is the answer, though?

**John Suh:** The answer is love. The answer is love one another. That is the answer. And technology is not love.

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**Chen:** I think, like you pointed out the last thing, our economic value system probably is the only possible answer. Because the technology enables, a lot of things happen, happen faster, lower a lot of barriers. But eventually everybody is about the same, in terms of knowledge and so forth. Then the question is how do you stand out? If everybody is going to try to stand out, only a few will stand out, then there the disparity happened. Once you get the disparity, then you get the dignity issue with the masses, because they no longer control their future. And to add to the insult of this is we all live longer. So I think the economic—I'm not advocating communism obviously, or socialism, but somewhere along the line we have to keep the society masses feeling positive going forward.

**Kirkpatrick:** I know, but forgive me for pointing this out John, but you're one of those highly paid CEOs.

**Chen:** Not highly paid, but sure.

[LAUGHTER]

**Kirkpatrick:** Well, maybe not as highly paid as you would like, but that's part of—

**Chen:** [LAUGHS]

**Kirkpatrick:** The point is it's very hard for each of us to adjust our positioning in this reality.

**Morgan:** But I think if we recognize—I think one of the things we can be thinking about, and there are places technology can help. I think we clearly do have a failure of some of the institutions that provided that dignity or comfort decades ago that weren't today. I mean we had what was then more the mainstream churches, and sort of more stability, and a civic notion. People move much, much, much more, and so there's less of sort of a stability there. We had a bit more stability in the media. Now, as a former newspaper lawyer, I'll say they also were monopolous and they had one single point of view and they were good at driving it, but there was a consistent local point of view. We don't have that sort of local anchor in media. So I'm not wistful for some notion that it's going to come back, but I do think there are ways that we can find ways to build community structures. I think with Mark Zuckerberg coming it'd be a great kind of thing to be talking to him about, what kind of community structures can we build that have been more virtual that can give people that kind of support, for example, that they don't feel now? Certainly we find help groups and focus groups, and things like—but I don't know those.

**Kirkpatrick:** So in that sense, do you disagree with what this guy said over here?

**Morgan:** I do disagree actually. I think there's a requirement in technology to help solve it. I don't think it is a panacea or silver bullet, so I—

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**Kirkpatrick:** But there are tools that might be able to think of that could help address some of these problems, even though who could argue love is the answer? I mean that's inarguable.

**Morgan:** Yes. But the thing is, I would just look at one thing, which is there was a very low level of awareness that this was potentially going to happen. I certainly did not expect, so be clear what I'm going to say, I did not expect it, but my mother expected it. I mean, it was no question, she's been sick about this for weeks and weeks. Of course it's going to happen, because she could feel it. On my Facebook page it was pretty obvious, that half of my Facebook page that no one here would want to see. None of my New York friends could see, that was racist and nasty. I mean my wife is Mexican, my children are Mexican. It's pretty offensive to me. And these are college graduates and former soldiers and officers, military officers. The vitriol was really strong, but people didn't see it, because we only wanted to look at the things we were looking at. We can use technology to surface and be aware of it.

**Klitzman:** Hi, Robert Klitzman from Columbia University. That was great. I'm wondering for the Trump voters who were saying, "I want a job," who didn't go to college, and they're in their 40s, and they're not about to go back to college necessarily, has the tech economy left them behind? In other words, what kind of jobs are they going to be able to get? If Trump called you in and said, "Okay, I promised jobs to these folks, these guys," what would you say? Or should we be engaging them? Have we failed them?

**Morgan:** Well, we better not offer them jobs driving cars or trucks, because we're going to lose in the next three and half years a million and half driving jobs, or four years, five years, some number, which is the largest single employment of white males outside of the government today, older white males.

**Klitzman:** We're going to have self driving cars.

**Morgan:** That's my point, that's my point. We're going to see an absolute certain displacement of a million plus of them over the next three, four, five years.

**Kirkpatrick:** That is a projection, but it is also the case right now that there are 65,000 unfilled driving jobs in the United States. Even though I'm not disagreeing those jobs may go away, we do not have an excess of people wanting to drive right now. So even though it's 2.5–3 million people—it's the single biggest job category in the country, I think isn't it?

**Chen:** I think that is why he is trying to create jobs that most people can do. And this is why he said what he said last night, or this morning. And it is why he's attacking all the trade deals, because he's trying to change the—all the trade deals, the economic drivers were, "Well you can make it cheaper. I'll let you make it, I'll buy it cheaper," and everybody got to enjoy it. Well, that's true but the people who know how to make this no longer have the needs to make it. So it's a little bit of the old "big deal" way. I don't speak for that.

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**Scott:** I think there's another problem, actually, which is if you take the out of work coal miner, what else is that person going to do? They're probably not going to move away from their town in Pennsylvania and get retrained to go do something else. I think the problem at a larger scale is, partly because of technology, change is happening at a much faster pace than society can absorb those changes. If you look at how long the industrial revolution took place, or any of the other big cataclysmic revolutions we've had, they occurred in a timeframe that allowed society to adjust, maybe not completely, but over time, over generations. And this revolution is happening much faster. And it's not just the tech revolution. It's the energy revolution that's aided by technology. It's a whole bunch of things aided by technology that have fundamentally changed where jobs are and how people live, and it's happened fast. So that's created a void. And it's economic dignity, it's social dignity, it's a whole bunch of things sort of wrapped into one.

**Kirkpatrick:** So there's really a disorientation that has set in because of the pace of change on top of the loss of dignity. But I would continue to assert that all industry, especially the one that I happen to know best, technology, probably needs to be thinking about that in its product design more than they do. We just keep coming out with new stuff, and people embrace it. Everybody here has a smart phone, and probably half the people in the room may have iPhone 7s already. But we are in this room as well, disoriented. There's no question. And if we were living in Dave's hometown—

**Morgan:** Clearfield, Pennsylvania.

**Kirkpatrick:** What's it called?

**Morgan:** Clearfield, Pennsylvania.

Chinklacamoose, that's what the Indian name was first.

**Kirkpatrick:** Anyway, we'd probably feel it more there.

**Jody Westby:** Thanks. Jody Westby. So I am from Kansas and Nebraska. And over the last year as my mother was dying I spent a number of times driving completely across the state of Kansas and the state of Nebraska. There are entire communities living in poverty. Stores are closed, houses have no paint, yards are filled with junk, people have no hope, women are committing suicide at double-digit rates, life expectancy has gone down. So why isn't our technology industry looking at building support centers there, call centers there, coding there, other types of technology?

And, I know you didn't mean it, but it sounds like you guys are saying, "Oh, these people, all they can do is blue collar work." And there's very good intellectual capital there, they have good schools, people want to live there, they're in our time zone, they're in our legal zone. And so technology is missing this. And there's a whole swath of that red, which is filled with these

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states. And also, how is it that in this connected world, our mainstream media completely missed what happened last night? There's something really missing. [APPLAUSE]

**Kirkpatrick:** I just want to say, I think it's super healthy that questions like that are being asked.

**Q2:** So when you're talking about technology, and you're talking about why it doesn't address some of the works who don't have jobs today, you look back to what happened with the unions. So in the 1970s, union quit applying apprenticeship programs and they guaranteed their jobs to the older workers. So what happened was all the younger workers in all the trades basically disappeared in the US industrial landscape. And so what you had is they became political action committees. And so by that, all the people that were there, coming off of FDR's programs to actually protect the workers who were doing industrial work, whether is was manufacturing or some kind of assembly, all those skills just eroded as people became older and older. There was no one there to replace them.

So we've done a terrible job. If you think about economic policy, you think about technology policy, we've done a terrible job at providing institutions whose job it is to make sure people have those skills. And that's actually partly our fault. That's partly the people in this room's fault, because we make the assumption, well we'll just replace those people with more technology. And that's what you're sowing, that's what you're reaping today.

**Kirkpatrick:** Yes, I would reiterate, these are the right questions to be asking.

**Lex:** Hi, I'm Lex. So I have a more pessimistic point of view, which is—

**Kirkpatrick:** What do you do, by the way, real fast?

**Lex:** I'm a fin-tech entrepreneur, blockchain, artificial intelligence, all that cool stuff. And my company automated financial advisors. So that's a human task. It's an improvement for the consumer; it's job loss in the industry. So the way I see it, there will just be less, and less, and less human jobs, whether it's for folks who don't have a college degree, or folks who have a college degree, for folks who don't have a PhD in artificial intelligence. And so we get further and further into this issue, where just structurally, based on the tech that we have, we have less human jobs.

And so going to the issue of dignity, how can we separate the idea of economic reward, of having a good life, of being able to participate in the economy and the spoils of the life, and then on the other hand, this idea of craft? Humans like craft. They like to create something, to be good at it, to strive towards it, and that's where dignity comes from. That's where identity and mission comes from. And today these things are coupled. Right, I'm a carpenter, or I'm a coal miner, or I'm a developer, or I'm a PhD AI scientist, right, these are identities. And as these things get broken by where technology is taking us, instead of just trying to smooch them together, I think we have to think of how they can be unbundled.

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**Kirkpatrick:** Okay, I want to get as many voices on the table as possible. Let's go right here.

**Kumar:** Priya Kumar from the University of Maryland and a project called Ranking Digital Rights. I really appreciate, Dave, your perspective on what you're seeing on your Facebook feed and these sort of disconnects that we're all feeling. And sort of in that vein, Pew Research has shown that a majority of people are now getting their news from social media. So my question is focused on what responsibility do these types of technology companies, like Facebook, who bends itself over backwards to say that it doesn't have anything to do with news, it doesn't affect the news, what responsibility do the technology themselves have to acknowledge that they are not neutral, they operating in a system? And then what mechanisms can we then build, outside of technology companies, to then hold them accountable?

**Kirkpatrick:** Can I just quickly ask you, because I want to get as many voices on the table as possible, what would you have them take more responsibility for? I'm just curious.

**Kumar:** I mean, I think for Facebook's case, the algorithm that they have, for example, the newsfeed determines what people see. People need to be aware of that. I think there's increasing awareness of that, but a lot of people don't understand how the algorithm works. And so, before somebody could pick up a newspaper, and you would see the stack of newspapers, and you would know that the person next to you when they picked up the newspaper saw the same thing. And it's not like that anymore. So one, accountability for the way that algorithms are affecting what people are seeing, is just one example.

**Ottino:** Julio Ottino. I'm with Northwestern University. I think I know what the main issue is at the root of many things, but I do not know how to make it work. The reality is, even if you are showing the algorithm to people, most people won't understand it. The issue is education, information, education. Having this Orwellian view of manufacturing coming from China to the US, unless you kill every robot out there, that will not happen. So what you have is these things that are out of phase. They used to be tightly coordinated, and it has to do with the issues of futures of work. If something is high volume and repetitive, it will disappear. The discovery phase is gone from law firms. It's all outsourced. So the question is without going ballistic and promising that college education will be debt free for everybody, you need education that actually accomplishes something. I don't know if we should imitate Germany on this. But yes, we have to do whatever we have to do to try to keep things more in phase. Infrastructure jobs are things in which probably the skills are semi-ready, but we shouldn't try to go for things that look good on paper, like education in Harvard would be free, or is free already, or in the top universities. We should work on something that are skills that people can actually use. And actually the dignity issue will be attached to actually creating something that people can touch and see.

**Kirkpatrick:** Great, thank you.

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**Buckwalter:** Galen Buckwalter. I'm a research psychologist. A couple of things I don't think are on the table yet that would change this discussion. First thing, 2008. That was a sea change for middleclass America. And we all know the massive amount of jobs that were lost, how corporations took that time to not replace all those people and go with the profits. That loss of jobs put an inordinate amount of stress on middleclass America. Stress is a game changer to the human system. It literally changes how we think. We go into a state of denial, avoidance. Everything we do when we're stressed out is the exact wrong thing to get out of that mindset. It totally sets us up for the authoritative personality, which I think—and I've written an article in *Techonomy* a few months back arguing that this stress is a huge predictor of Trump. These people need a strong man right now, and we're not picking it up.

Third point, technology is capable of doing so much better in relating to people. As most social media exists now, as most AI programs are optimizing, nothing but click behavior. You like, you don't like, you buy something, so you get ads for shoes for days. That does nothing to enhance human existence. The basics that we have to start with in technology is to understand people as empirically as we can, understand their personality, their values, and start relating to them as more than just a consumer.

**Kirkpatrick:** Speaking as a psychologist, which is what he is.

**Marks:** My name is Peter Marks. I'm with General Electric. I'm the former chief technology officer for a large city, Los Angeles. And I'll just say the following which is 1,000 years ago I worked on a product called QuickTime, which I'm sure a number of people have heard of. And my father, a film editor soon found himself without a job. And I have worked in the private world for a long, long time, and the tech world. I've worked in healthcare, I've worked in media, I've worked in lots and lots of video games, cities, lots of stuff. And one of the things we all have, and I think Tony would agree with this, is that we have forced a lot of change on the world, and there have been a lot of people who have been left behind. And sitting here in Half Moon Bay, we haven't taken responsibility for displacement that all this technological change has caused. The title is "We're not in Kansas Anymore". We've never been in Kansas.

**Yee:** I actually have a question for John or the people in the audience. What do you think the result of the US election is sending a message to the rest of the world, and specifically for China? And as you know, John you probably know, Chinese people are following the election very, very closely. And one thing strikes me most is it reminds us, we're living in a very user generated world. All along the election, the media predictions, all along being wrong. Does this inspire democracy in China, or does this make the government worry? So I want to hear some of your opinion.

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**Chen:** Yes, I was surprised when I went to China how closely even the media followed—you turn on the news, and the news was talking about it. There was CCTV4, about Trump versus Hillary. And I was quite surprised.

And this surprise election results, it's something that at least China will like. And the reason is with Hillary there has always been a framework of engagement. Some people call it containment programs, whatever you want to call it. And it was actually quite structural. And anywhere from the re-pivoting, and the TPP, and the Taiwan/Japan coalition, the six party talks. If you could see that had been a very systematic program to manage the growth—let's see, I'm trying to use the right words—manage the growth of China. And then the Chinese people, or the Chinese government actually does not like that management. And so I think Trump brings an opportunity to reopen all the dialog and the rules of engagement, whether we're still going to have a SCND—that I think is all on the table. Now there's no preconceived notion. Because had Hillary been the president, the State Department would have done exactly what it has been doing in the last 12–16 years.

So I'm hopeful—now of course, I think the president-elect, in this case will probably put some very harsh opening bid, let's call it. I think both sides will know these are the opening bid. I heard that from China. They know that it's an opening bid, meaning that the ending bid may be quite different. And this is going to happen in very short order, in my opinion.

**Charlie:** It's Charlie from Served Fresh Media. Thank you for having me, this is an amazing, amazing event. I flew across country from Brooklyn, from New York. And I got the news about Trump just before I got on a plane. So I didn't get the chance to really process it before the captain said turn your Wi-Fi off. So I sat on a plane for four hours and landed in San Francisco and immediately I was like, "What's going on? What's going on?" And there's another event, a tech event, a big tech event that's happening on the other side of the world. And I think it's wrapping up today or tomorrow. But anyway, Robert Scoble posted on Facebook, "Oh, the tech industry, the tech executives, they're outraged, everyone's angry, this emotion," and everyone is entitled to that. I don't take that from anyone. I feel it myself. But I found that the next words that he said, or he posted, it practically brought me to tears. He quoted Dave McClure, I think it is, and a couple of other executives at the event, who Dave McClure actually said, "If you're not angry, you're a son of a bitch. This is an outrage," and it was all this anger that we was expressing. Rightfully so, but at the same time, I thought to myself, "Well, where the hell have you been? I've been feeling this anger," and I know black people and women and other minorities, in tech, have been feeling this for years.

I've had more conversations about how disgusted we are that there's a pie that only a few get to eat from while the rest of us get crumbs. And that much is a fact. And then I said to myself, "Now, I'm surprised that my own anger," because I work in tech. I support it. I work with startups. I have a startup. I get it. But at the same time, you cannot be outraged by a man whose policies you think are narrow when, by the way that you're practicing in your industry,

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you're actually doing the thing that he's saying. You're not giving minorities those opportunities, and you're not giving women those opportunities either. So I just think the anger is actually making it worse. And I've spoken to a few women, I've spoken to a few minorities, I've spoken to a few people today, and they are angry at the anger from tech executives today. It's almost insulting. And I'm not saying you don't have the right. I'm just saying it's a deeper discussion we need to have. And truth be told, we've been angry for a long time. Where have you been?  
[APPLAUSE]

**Kirkpatrick:** Thank you Charlie.

**Kirkpatrick:** We have time for more. And because of Shunee's questions who's in the room, who happens to be someone I know, Christiane from Germany. Please identify yourself and say whatever you want to say.

**Zu Salm:** I just have a small thing to add also. I'm from Germany. I'm a book publisher. But since quite a few years I'm working in hospice. And I just want to add something to the dignity thing. Maybe it's not tech, in the end, who helps people regain dignity. We should also have a look at that. I mean, tech helps with everything, and it is also challenging everything. But maybe we look more and more to what Galen said, also to the psychological or human side. So what would it be where we could really help people regain dignity by giving other people dignity, the dying, the elderly? So more and more invest also in human relationships that just cannot be replaced, at least for the next four years [LAUGHS] by tech.

**Kirkpatrick:** Well, thank you for that. And I will say, we have to wrap, but I will say a very large number of things are much more constructive than anger. I think this is the kind of discussion we have to be having. I hope it continues for years, and years. I hope it continues indefinitely. I thank the three of you for helping us get this thing going, and for being here, and for launching the conference. Thank you John, Dave, Tony.

[APPLAUSE]