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Lecture at Brookings Institution

Reed Hundt

>> [inaudible] share thoughts of how can we change the big stuff inside the government, once they're elected.

>> Reed Hundt: Hi, folks, I'm Reed Hundt, I've been around Washington quite a long time. You mentioned Al Gore, he and I went to high school together here in Washington, I've known him since ninth grade. I'm really sorry you mentioned the election in the year 2000 and that's the worst non-girl related problem that I've ever had in my life. What can I tell you about social media? I would like to ask, number one, if we'll be a little participatory here, could you raise your hand if you've believed that climate change is caused by human action and human decisions? So we're not -- we don't have a denier group and raise your hand if you think that it's pretty likely to be extremely dangerous for humanity. So don't raise your hand here but just ask yourself this question, has social media successfully, anywhere in the world done anything at all to take the beliefs that you just raised your hand to and translate them into action. Has social media done anything at all to affect the following, which is that for 99% or 98% of everyone in the United States, their income now is approximately the same as it was in the year 1992, which was 20 years ago. The economy is much bigger so when I went out to talk to David Axlerod in the Obama Campaign about six months ago, I brought in this chart, it looked like this, the GDP over 30 years goes like that income for all but top 1 or 2% goes like this. Now for all the years -- in basically all the years in American history until 30 years ago, if GDP went up, income went up. What does anyone -- what's going on? Well, the answer is the machine is making more money than the person or put it another way, returns to capital are greater than returns to labor. So that is probably not true if you have either a PhD in computer science or you have dropped out of Harvard and your name is Zuckerberg but other than those two categories, returns to labor have declined steadily for 30 years. Has social media even as a phenomenon, right? Is it a tool to do something about that? Does it help people get better jobs? Does it help people get training so that they make more money? Does it help people organize in unions so that they can negotiate for more money? Is there any evidence of any good contribution on any social topic that you can name? Now this is disappointing to me because in the following is the true fact from history, in the beginning of 1993, right after he became the vice president, Gore held meetings every week or every other week in his office in the west wing, I went, so did a number of other people, the other people were really, really smart, really, really bright. And what we were talking about was communications networks. In the fall of that year, the first [inaudible] browser was introduced, the first browser, the one called Mosaic was introduced, the first browser that permitted you to really look at another computer and see the pictures and when that came out, we knew and everybody who saw it knew that this would actually take a phenomenon that had been relegated to people exchanging data with complicated codes and a lot of tightening, you know, in the academic environment and it would make it a commercial and social experience. And we absolutely knew instantly that it would create social media, we didn't know the word, we just knew that it would create a society of people who were built around the very thing that that browser was optimized for, which was pictures. And so in the course of that year, and ultimately in a speech in January of 1994, Gore laid out the policy vision which basically consisted of the following; we were going to do everything that the government could do to make sure that the internet became the dominant medium of communication and information exchange for the whole world. And that's what's happened so that's really, really good except for every single thing we said to each other then and in all the succeeding years about how this would turn out to be a democratizing force for good has proved to be delayed, delayed. Now other governments are actually worried about the disruptive impact of

the internet, they were pretty upset about that in Libya or Egypt, China, Russia, India and Brazil in December of this year are going to make a proposal in an International Regulatory Body called the International Telecommunications Union in which they say that their individual national governments should be able to deny their people access to data that is housed in computers or in data centers outside their country, that would be called the vulcanization or fractionation of the internet. Is there any social media effort to respond to that, that's anyone ever been invited to or thought of or has any awareness of even going on? Is there any global protest among the 3 billion users of the internet against the efforts of those governments to do exactly what I just said, which is probably the greatest single activity organized by government against freedom of use of the internet that we've seen in 20 years because if there is, I haven't noticed and I've been looking. So what I'm saying is I hope you've had a really good time here but I really do not think you should walk out going like this is really working for us because it is really totally not working for us. You're having to be in a city in which you have a headquarters operations that are spending about -- what's the total amount of super PAC and presidential campaign money being spent? Probably it will be about 3 billion in total. About 3 billion dollars, about 3 billion dollars that is more aggressively aimed at dis-informing people than any spending of that activity. If the political advertising that you're seeing on TV today was the same -- was as -- its relative truthfulness on that scale, if that were advertising for a food or a drug or a good or a service, the regulatory agencies would take the ads off and they would be sanctioning the people who were putting those ads out. I know this, I'm a lawyer. I'm telling you that it is astonishing the gap between reality and the facts that are presented in these advertisements, 3 billion dollars. Does social media correct anyone's perceptions effectively? Could somebody tell me -- this is a rhetorical question, don't interrupt, I'm on a roll, could somebody tell me why it doesn't inform anyone? What goes on? Or what is it about the power of the 3 billion dollars of TV advertising that is so overwhelming that the people who spend that money think this is, you know, as to information, this is a nuclear bomb, whereas, you know, social media's just a little, you know, pop gun or a bow and arrow and I don't really have to worry about it. What is going on here? Now how many people are going to vote as a percentage of all of the people in the United States who are legally authorized to vote? It's going to be about 55%, 53%. If the other -- let's say 53, if the other 47% who aren't going to vote [inaudible] wrote a book, he knows the number, if the other 47% who aren't going to vote in fact voted, what relatively in big round numbers is the fraction of who would vote for Obama?

>> Probably two to one.

>> It's two to one, it's two to one, he would win two thirds of the vote. If he won two thirds of the vote, all this talk about a divided congress would be ridiculous, you know, he'd have 75% of the seats in the house would be democrats, you may want a more liberal party or a less liberal party but I'm making a point, right? Which is we can't even get social media to get 47% of the people that were eligible to vote to care enough about elections to actually show up, it's not that difficult but social media doesn't do the job and Lord knows the point of an awful lot of the TV advertising is to keep them from voting. And it is incredibly successful. So this great tool which I swear to God, Al and I and all the others, 20 years ago -- 19 years ago, said it's really got to save democracy, it has not delivered. And that doesn't mean I'm giving up, we just have to keep on doing a lot more. But we really don't have a lot of time so with respect to climate change, just so you know, we are almost out of time. We've got -- there's an article by Bill McKibben in Rolling Stone two weeks ago that gives you the numbers but the bottom line is this, there's a certain amount of greenhouse gas that when emitted, guarantees that the temperature will go up to this level. If the scientists are wrong a little bit or even a lot, it doesn't really change the big point, which is we can only emit up to a certain level before we get temperature rises that will be above 2 degrees Centigrade. Beyond 2 degrees Centigrade, we have no idea but it isn't good. There might be somebody with a little property in the summertime in the far northern regions of Norway that would be better off but not in the wintertime and also, everybody else in the world will be much, much, much, much worse off, we will be baked, we will be starved, we will drown, some alternative of those things to some degree that is far too serious for anybody to want to roll the dice

on it. Now you could say no, no, this will -- somebody will invent a magic plant or a chemical process that will just suck all that CO2 right out of the air and put it in a little pellet and then we'll send it to Mars because the one thing we know how to do is send something to Mars for only two and a half billion dollars and we can send pictures back. Okay. We don't want to run this risk and this total amount of emissions Romney put out his energy plan today, he says we ought to have no subsidies for any energy at all, that would wipe out solar and wind in the United States for the rest of the decade and you can do the math or take my word for it, that's what it would do, it would absolute guarantee that we would have no policy whatsoever with -- that would really reduce emissions in the United States so we would join the ranks of China and we would effectively -- right now our emissions are lower this year than last year, China's are up 9.8% so we either lead the world in stopping the emissions and then we go to China and say we're having a treaty with you and this is going to be the solution, and oh by the way, we're not going to trade with you if you don't strike that deal. We have to get tough on this with the only other economy that matters or alternatively, we give up. What is social media going to do about this? Because it has to tackle big problems if it's going to be worth your efforts, that's my point. Whatever social media consists of, it's not people sending emails anymore like it was in the old days, it's much more robust, it's much more complicated now you can send pictures of food that you ought to have a friend go get at the restaurant, really cool things like that. But while they are kind of cool and I mean I do sit in the restaurant like this isn't the pasta in this picture, right? Nevertheless, social media -- and you have to do this, you have to do big things and you have to say, if we're not doing those big things then this tool is just being frittered away and it absolutely useless. In conclusion, I'm publishing an e-book in the middle of September called Faster, Better, Cheaper, a User's Guide to Post-election Politics. The actual subtitle is 51 Shades of Gray but...

[Laughter]

But it's going to cost you 99 cents. I want you to download this gosh darn thing and here's what it says, right after the election when he just won by a slender margin and he should have if social media could have gotten everybody to vote, won by like 30 million votes really, right? When he's just squeaked through in the face of the biggest onslaught of 1% of money that anybody has ever faced in any election in any country in the world, what is the president going to do? The just reelected president who never has to run again, what is he going to do? And that he's got to do two things, we say in this -- Blair Levin and I say in this e-book, so you don't have to agree or not but thanks to social media, you can post all your comments when we publish the thing, e-publish the thing. Here's the two things we say, first, he has to say to congress in the negotiations over the budget that the most important thing is not the marginal income tax rate for the rich, the most important thing is that we need to change policies to cause approximately 1 trillion dollars to be invested in clean energy in the next 10 years, which is only 100 billion a year which is in fact almost nothing in an economy of 15 trillion, 15 trillion of GDP, right?

[Inaudible]

17 trillion, it went up, you know, I mean it's nothing, that's the number that's necessary on the energy side. And then the other thing that we have to do is -- anybody here know what the -- what their broadband connection rate is? Rough idea? What?

[Inaudible]

See? What is it?

[Inaudible]

What are you getting? What you getting right now, yourself, at home?

[Inaudible]

36. anybody else?

>> 10 to 14.

>> Reed Hundt: 10 to 14? These are good rates, these are good rates. 80% of the country is passed by Docsis 3, which could give you 100 megabits a second. None of you could pay for it. None of you have it. 80% of the country is passed by that, they don't offer it to you, you don't buy it, nobody uses social media to aggregate buying, there's no social media effort to organize societies and communities and groups so that people say I absolutely want that and there's nobody who says I don't like it that the government doesn't give a darn, that there's just one company offering it and the government could care less about the price and that company says we can decide what content you will get on it. You like this? This is the way it is. This is -- I'm not making this up, this isn't fantasyland, I'm describing reality, that's Docsis 3.0. Docsis 4.0, which has already been completed in the cable labs is 1 gigabit. None of you know what year you're going to get it because the companies aren't telling you and the government isn't telling the companies to tell you so I'm saying we need a trillion dollar on the clean energy side and we need to have policies that are going to ramp up this speed so much that you all are going to figure out how to have social media actually solve the problems that need solving. Thank you very much.

[Applause]