

Session summary  
THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM 2011  
17 JUNE 2011, ST. PETERSBURG

Session title: **World according to google: Expanding technology horizons**

**Theme**

N/A

**Moderator**

Sergey Guriev, rector, new economic school

**Panellists**

Eric Schmidt, executive chairman, Google

**Synopsis**

Eric Schmidt opened the session with words of thanks for being invited to the Forum. He said that he had noticed a lot of positive changes in Saint Petersburg's infrastructure since his previous visit 17 years ago.

Mr Schmidt said the development of wireless and wired broadband systems is very important and that new technologies and the Internet would benefit a society and increase an individual's quality of life. Russia has opportunities for growth in this area because the level of penetration is relatively low in comparison to other European countries. That means there's huge potential for growth in telecommunications.

The problem of intellectual property rights in the context of cheap and available data transmission technologies was also raised. The change in Internet technologies means that traditional distribution networks are being abandoned. For example, the music industry is already suffering from such problems. Producers of content have to develop new business models and products and have to decide how to sell them. The point was made that copyright should be respected and industries need to come up with new ways to charge for their products and services.

Privacy issues arising from the development of face recognition technology were also mentioned during the session. Google supports the idea that the use of this technology without permission must be prohibited. Internet companies should operate under the laws of the country they are working in.

It was declared that broad penetration of the Internet is ultimately better for the safety of a country because it means that it's quicker to report crimes and anomalies. Participants mentioned that the internet helps society report crimes and the government can use it as a tool to monitor people's preferences and what people are up to. For example, the Internet can be used to prevent corruption by making financial transactions more transparent. It can also be used to make governments more honest.

Participants agreed that new technology and new social networks have political implications. Mr. Guriev claimed that in California many people can vote on important issues directly. According to Schmidt, the Internet will affect politics in many ways. However people will not move to more direct democracy and the California system has many critics.

Close attention was paid to China entering the market and some of the problems Google faced there. It is important to note that there are some limitations to doing business in China for foreign companies. In order to start activities there, you need to establish a local company (or subsidiary) or go for joint-venture. Chinese laws also resulted in active censorship of the web. After five years of trying to work with the Chinese government Google ultimately decided to move to Hong Kong and now work through a firewall between Hong Kong and China. Mr. Schmidt said that China is difficult to operate in due to their legal system but that it's a great time for entrepreneurs and companies to enter and invest in China.

Discussing Google's future in 10 to 20 years, Mr. Schmidt said that it is next to impossible to predict anything so far ahead. Technology and transmission speeds are developing faster and faster. Google will be able to provide a better and more fluent service to people and it will know a little bit more about user habits. It will be able to tailor its service to the client's needs. Summing up the above, Google will stay in the search business giving fewer but more relevant answers.

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