The Bridge Builder

Eric Schmidt, the former CEO of Google, is on a mission to help America in its tech competition with China. While many laud his efforts, others say he wields too much influence.

BY KATRINA NORTHROP - JUNE 12, 2022



Illustration by Luis Grañena

When Eric Schmidt was the CEO of Google, he was a strong proponent of the idea that having U.S. internet companies operating in China would be beneficial to both countries. Even after Google was the target of a major <u>cyberattack</u> in 2009, forcing the company to make a decision about whether to stay in the mainland, Schmidt advocated for staying, "I believed that it would be better to stay in China, and help China to be more open," he <u>said</u>.¹

Schmidt lost that argument — the company moved its operations to Hong Kong — but he likely wouldn't be caught expressing such hopeful sentiments about China today. In just the past three years, the 67-yearold billionaire has become one of the most prominent voices raising the alarm about China's tech capabilities and he is working relentlessly to help America in its technological competition with China.



Eric Schmidt opening Google Zeitgeist (Google's annual thought leadership conference) in 2012. *Credit: Loic Le Meur via <u>Wikimedia Commons</u>*

"I'm convinced that the competitive battle for platform dominance between China and the West will be the defining event of the rest of our lives globally,"

Schmidt wrote in response to questions from *The Wire*. "Imagine a world where the majority of the platforms we use are defined and built first in China to see the impact we should avoid."

Schmidt's pivot on China seems to have happened between 2018 and 2021, when Schmidt — who had been an advisor in the Obama administration and had contacts at the Pentagon — was asked to chair a <u>government commission</u> on the state of artificial intelligence (AI). The commission wasn't intended to solely focus on China, but the growing U.S.-China tech rivalry — and the commission's analysis that China could soon overtake the U.S. on AI — animated much of its final report. Many in Washington said it served as a wake-up call to both the federal government and Congress about the risk of America losing its tech dominance.²

"Government constantly produces reports that go on a shelf and no one pays attention," says <u>Glenn Gerstell</u>, who was the general counsel to the National Security Agency until 2020. "This is not one of those reports — because of who wrote it, how it was written and the topic."

The 750-page report D has had a far reaching impact already within the U.S. government: 54 pieces of legislation written by the commission have since been signed into law, and the report heavily influenced the <u>China competition bill</u>, which is currently being negotiated by the Senate and the House before final signing.

Eric Schmidt has wielded a ton of influence in the U.S.-China tech conversation and the policy making process.

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-Justin Sherman, a fellow at the Atlantic Council

The Age of A.I. And Our Human Future Henry A. Kissinger * Eric Schmidt * Daniel Huttenlocher

The Age of Al: And Our Human Future by Eric Schmidt, Henry A. Kissinger, and Daniel Huttenlocher, published in 2021. Credit: <u>Little</u>, Brown and Company Presumably encouraged by the commission's reception and impact, Schmidt has since doubled down on the subject, focusing much of his time and money on helping the U.S. government organize itself for U.S.-China tech competition. In 2020, he put together a <u>working</u> <u>group</u> of luminaries to develop China tech policy to inform the Biden administration. Then, after the government-sponsored commission on AI was disbanded, he spun it off into a separate non-profit <u>organization</u> to continue the same work outside of government. He even wrote a <u>book</u> last year with Henry Kissinger and <u>Daniel</u> <u>Huttenlocher</u>, the dean of MIT's computing college, about the future of AI and its impact on human life.

Through his philanthropic work with <u>Schmidt Futures</u>, Schmidt has also funded individuals and projects, both inside and outside of government, working on these issues.

"Eric Schmidt has wielded a ton of influence in the U.S.-China tech conversation and the policy making process," says Justin Sherman, a

fellow at the Atlantic Council. "He has done this through the [commission on AI], a number of public events and engagements, and less public engagements," including his personal relationships with government staffers and officials.

It is unclear why Schmidt decided to turn so fully to the U.S.-China tech rivalry, but China's own stated goals seem to have had a big impact on him. "Let's consider what China has already said or is doing about technology and strategy," Schmidt wrote to *The Wire*, referencing China's goal to reach dominance in AI, quantum computing and robotics, as well as its existing lead in new



The opening ceremony for RoboCup 2015, held in Hefei, China. RoboCup is

energy technologies. "Once supremacy in one area moves to China it is unlikely to return to the West," he warned. an international academic initiative founded in 1996 in order to promote research in the area of intelligent robotics and artificial intelligence. *Credit: Bart van Overbeeke/Tech United Eindhoven via* <u>*Elickr*</u>

It is not unusual, of course, for high profile CEOs to try to impact policy or take up causes after stepping down from their companies, à la Bill Gates. And some observers speculated to *The Wire* that formulating U.S. tech policy is an exciting new challenge for a man who has already climbed the pinnacle of the corporate world. Indeed, as this magazine has documented, many successful business people, such as John Thornton and <u>Ray Dalio</u>, have been enticed by the U.S.-China challenge since they see themselves as having particular expertise and potential for impact.

But Schmidt, many observers agree, is unique — both in terms of the government initiatives and agencies he's been involved with, and because of the tangible results he's been able to produce.

"It is hard to think of another American who has served at such high levels in Silicon Valley and the national security apparatus," says Jon Bateman, a senior fellow at Carnegie Endowment for International Peace and former defense department official who turned to Schmidt to write the foreword of a recent <u>report</u> about U.S.-China tech decoupling. "If you think about other tech leaders of his stature, there are some who are involved in national security issues, but none have dedicated the amount of time and energy to the institutions of defense and national security and engaging with government leaders."

Tapping America's technological elite is also part of the U.S. government's strategy to strengthen military capabilities and economic competitiveness. But even as Schmidt has emerged as one of the most prominent figures in the U.S.-China tech space, two divergent views of his work repeatedly cropped up in interviews with *The Wire:* Some view him as a knowledgeable expert hoping to bridge the public and private sector to enhance U.S. national security, while others view him as a billionaire with extensive private sector interests who is being allowed broad access to shape policy with little transparency.

[Schmidt] is in all of these conversations and all of these rooms. I do not think so much of our federal AI policy should be in one person's hands who has a vested interest.

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— <u>John Davisson</u>, the senior counsel and director of litigation at EPIC

"The AI commission was quite unusual in our experience in how aggressively it pursued doing its work behind closed doors," says John Davisson, the senior counsel and director of litigation at Electronic Privacy Information Center (EPIC), which <u>sued</u> the commission for access to its records and ended up obtaining hundreds of pages of internal documents. "We are not opposed to a structured federal approach to AI, and getting recommendations from industry. The problem is that the industry has been steering the ship. [Schmidt] is in all of these conversations and all of these rooms. I do not think so much of our federal AI policy should be in one person's hands who has a vested interest."

Schmidt's interests include numerous private sector investments, specifically in the AI and defense contractor space. While Schmidt has not been affiliated with Google's parent company, Alphabet, since 2020, he still owns about \$5.3 billion in Alphabet stock. He also has impressively deep and overlapping contacts within the federal government, from high profile officials to lower level staffers.

"On the issue of U.S. competitiveness, Eric Schmidt has been a tireless advocate and has answered the call to serve from several administrations – including President Obama, President Trump and President Biden," a Schmidt spokesperson told *The Wire* in response to questions about allegations of conflict of interest. His "charitable efforts are non-partisan and made in full compliance with all applicable legal and ethical requirements."

Schmidt's influence on U.S. government policy raises important questions about the process of strengthening public-private engagement, which many see as critical to competing with China. Public-private partnerships, after all, have been essential to China's own rise as a technological superpower. Should the U.S. adopt something more akin to the China model and lean on "bridge-builders" like Schmidt to better integrate the public and private sectors and fuel American innovation? Or does that approach allow private citizens to wield too much influence?

THE 'BRAIN TRUST'

W ith an estimated net worth of \$20 billion, Schmidt is the 83rd richest person in the world. He speaks with the self-assuredness of a man who is accustomed to being listened to, and among tech CEOs, he is relatively unusual in that he matches technological expertise with deft social skills. When he was at Google, he was <u>reportedly</u> referred to as the company's "Secretary of State."

A Virginia-native, Schmidt graduated from Princeton University and then the University of California, Berkeley, where he earned his PhD in computer engineering thanks to Department of Defense (D.O.D.) funding. He went on to work at various tech companies in California before becoming the CEO of Novell, a software company, and then being recruited by Google in 2001.

When he joined the Mountain View start-up, a common refrain was that Schmidt bespectacled and comfortable in suits — was brought in to be the adult in the room for Sergey Brin and Larry Page, the company's two young and inexperienced co-founders. The formula worked, with the three going on to lead arguably the most successful internet company of all time. When he stepped down as CEO ten years later, Google was worth \$200 billion; as Schmidt <u>tweeted</u> at the time, "Day-to-day adult supervision no longer needed!"



Schmidt's tweet from 2011, including a link to a post from Google's Official Blog (now called *The Keyword*) where he <u>announces his switch from</u> <u>CEO to Executive Chairman</u>.

Schmidt, however, was not ready to retire. As a *New Yorker* <u>article</u> put it, "He is fifty-five, a billionaire, a man comfortable in his own skin. He would stay a year as executive chairman, said an advisor, and then do something else."

In the eleven years since, Schmidt has flirted with what that something else would be. A big <u>supporter</u> and donor to Barack Obama, he was appointed to the <u>President's Council of</u> <u>Advisors on Science and Technology</u>, an independent body of experts that was co-chaired by John Holdron, the noted environmental scientist and Obama advisor, and <u>Eric S. Lander</u>, the director of the Broad Institute at MIT and Harvard. (Lander would go on to run the Office of Science and Technology under Biden.)



Barack Obama and Eric Schmidt at a meeting with business leaders to discuss the economy, in the Roosevelt Room of the White House in Washington, January 2009. *Credit: Charles Dharapak via <u>AP Photo</u>*

He also seemed to enjoy a close relationship with Obama himself; according to the <u>Tech</u> <u>Transparency Project</u>, he met with Obama and top White House officials at least <u>18 times</u> between 2009 and 2015. And when it came time for re-election, Schmidt was <u>involved</u> in the data work for the campaign; he was even in the Chicago "boiler room" on election night.³

Schmidt's first real taste of the national security establishment's inner workings, however, came around 2016, when the then-Secretary of Defense, <u>Ashton B. Carter</u>, convinced Schmidt to become the inaugural chairman of the <u>Defense Innovation Board</u> (DIB), a body set up to provide independent recommendations to the Pentagon on how to modernize the military and adopt emerging technologies.

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-<u>Yll Bajraktari</u>, CEO of the Special Competitive Studies Project

According to <u>The New York Times</u>, Schmidt first met Carter in Washington, at a 2015 seminar on government use of technology. But later, at the World Economic Forum in Davos, Carter asked Schmidt to run the DIB, but Schmidt turned it down saying he lacked military expertise and was busy with other projects. Carter was persistent, though, and eventually convinced Schmidt that his technology background was critical to America's military advancement. Schmidt said yes, and was soon joined on the innovation <u>board</u> by Reid Hoffman, the co-founder of LinkedIn, Neil deGrasse Tyson, the famous astrophysicist, and the Broad Institute's Lander. (Later, while serving as Secretary of Defense, Carter awarded the D.O.D. Medal for Distinguished Public Service to Schmidt.)

As chairman of the <u>Defense Innovation Board</u>, Schmidt toured more than 100 military bases and received briefings from senior Pentagon leaders — an experience that served as a call to action, according to those who know him. "I think he saw that there's an increasing gap between where technology is outside of government and where technology is inside of government," says <u>Yll Bajraktari</u>, who first met Schmidt while he was at the DIB and Bajraktari was working for <u>Robert O. Work</u>, the U.S. deputy secretary of defense. "The

technology world and the government world are two different worlds." (Schmidt later hired Bajraktari as executive director of the National Security Commission on AI and then its successor organization.)

Schmidt, for example, was troubled by how the Pentagon used whiteboards and dry erase markers to schedule refueling trips at a Qatar Air Force Base, according to <u>*The New York Times*</u>, and recommended deploying software instead.



The then Secretary of Defense, Ash Carter, awarding Eric Schmidt with the Department of Defense Medal for Distinguished Public Service at the Pentagon. January 9th, 2017. *Credit: Army Sgt. Amber I. Smith/U.S. Secretary of Defense via <u>Flickr</u>*

Although the DIB was regarded as a success, there were signs that Schmidt's adjustment from private to public sector wasn't entirely smooth. One D.O.D. official, Roma Laster, who was assigned to police conflict of interest issues at the DIB, raised complaints about Schmidt's role. In one incident, according to ProPublica, she claims that Schmidt asked a briefer which cloud provider was contracted for a specific project. When the briefer said that they used Amazon, Schmidt reportedly asked whether they had ever considered another

cloud provider. Laster was concerned by the interaction because of the potential suggestion Schmidt was hinting at the use of Google's cloud services. (Laster, who was removed from the DIB in 2017, declined to comment because she is bound by a non-disclosure agreement. Schmidt declined to comment on the *ProPublica* article.)

Schmidt's employees also weren't always keen about Google's growing presence in the national security apparatus. In 2017, Google signed a contract with the Pentagon to help analyze drone footage. Many Google staffers opposed the project, which was called Project Maven, and Sundar Pichai, the new CEO, eventually said the company would not renew the contract. Schmidt, who was executive chairman of the Alphabet board at the time, has <u>said</u> he was not involved in the Pentagon's selection of Google.

Indeed, when it came to contracts, there is no evidence that Google got preferential treatment due to Schmidt, and by 2018, Schmidt was tapped again to lend his expertise to Washington. As part of the National Defense Authorization Act for 2019, Congress set up the <u>National Security Commission on Artificial Intelligence</u> (NSCAI) to analyze the AI terrain. The goal was to produce a comprehensive report on how to "to advance the development of artificial intelligence, machine learning, and associated technologies to comprehensively address the national security and defense needs of the United States."

While many of the same D.O.D. players were involved — Bajraktari, for instance, was chosen as the executive director the mandate of NSCAI was broader than the DIB had been, and the list of <u>commissioners</u> — which included Andy Jassy, now the CEO of Amazon, and Safra Catz, the CEO of Oracle — reads more like an exclusive Silicon Valley invitation list than a government body.

<u>Congress</u> hadn't mentioned China by name when setting up the NSCAI, but the <u>final report</u> , which was published three years later, in 2021, did — more than 600 times. The conclusion, which permeated every recommendation in the dense opus, was



that the U.S. was not prepared to fight against or defend itself from China's AI capabilities.

CEO of AWS, Andy Jassy (above), and CEO of Oracle, Safra Catz (below), two of fifteen commissioners appointed to the NSCAI. Credit: Fortune Brainstorm TECH via Flickr. and Oracle PR via Flickr

"The entire report in some ways is framed around the new Elickr and Oracle PR vio challenge around China and new advances in technology," says <u>Paul Lekas</u>, who was a staffer at the commission and is now senior VP of global public policy at Software and Information Industry Association (SIAA), a trade group. "The work of the commission redirected the conversation around AI in a geopolitical sense."

According to the report, "No comfortable historical reference captures the impact of artificial intelligence (AI) on national security. AI is not a single technology breakthrough, like a batwing stealth bomber. The race for AI supremacy is not like the space race to the moon. AI is not even comparable to a general-purpose technology like electricity." And, the report added: "China possesses the might, talent, and ambition to surpass the United States as the world's leader in AI in the next decade if current trends do not change."

The report recommended that the government increase funding in the AI ecosystem, including \$8 billion in annual AI research and development funding from the D.O.D. and \$32 billion in annual non-defense federal funding; build out the D.O.D.'s AI adoption; and streamline the nation's immigration policy to attract more STEM talent.

"What the report usefully does is call attention to the need for a more coherent and energetic whole of society plan to what many believe will be an AI-driven era," says Bateman, at the Carnegie Endowment for International Peace. "It was put out at a time when policy makers and political leaders knew that AI was important but did not understand the key trade offs and policies."



Eric Schmidt co-led the China Strategy Group report along with Jared Cohen. Both are pictured here discussing their book, <u>The New Digital Age:</u> <u>Transforming Nations, Businesses, and Our Lives</u>, which was published in 2014.

Schmidt made it his mission to ensure Washington understood. In the summer of 2020, he put together the <u>China Strategy Group</u>, an "ad hoc brain trust of diverse experts" tasked with coming up with "a strategy for China and technology" aimed at the Biden administration. Two members of the group — <u>Elizabeth Economy</u> and Jason Matheny — went on to join the administration.⁴

The group's report focused not only on AI, but supply chains, platform dominance, data localization and

governance issues. They also advocated to "establish an Intelligence Reserve Corps of outside experts, pre-cleared, who on any given notice can be called upon to lend their expertise to a specific problem," and warned about the "blurry line" between China's public and private sector, which helps give it an asymmetric advantage.

"China plays by a different set of rules that allow it to benefit from corporate espionage, illiberal surveillance, and a blurry line between its public and private sector," the report says. "Beijing views these asymmetries as our problem, not theirs. It will be America's burden to navigate these."

Schmidt, it seems, hoped to lighten the load. The following year, just as the NSCAI was wrapping up, Schmidt had the idea to continue the commission's work outside of government. He had just published his AI book with Kissinger and Huttenlocher — which

a reviewer in *The New York Times* <u>described</u> as a "fairly forgettable entry in the genre"— and was inspired after learning about the <u>Special Studies Project</u>, a group that Kissinger had set up in the 1950s with Nelson Rockefeller in response to the Cold War.



Design by Eliot Chen

Schmidt set up the <u>Special Competitive Studies Project</u> (SCSP) to, according to its <u>website</u>, "make recommendations to strengthen America's long-term competitiveness for a future where artificial intelligence (AI) and other emerging technologies reshape our national security, economy and society."

Roughly a dozen staff members transferred over from the NSCAI, including Bajraktari. The new organization's board of advisors includes: <u>William "Mac" Thornberry</u>, the former Texas congressman who appointed Schmidt to the NSCAI; Robert O. Work, the vice chair of the NSCAI; and <u>Michèle Flournoy</u>, who served as the under secretary of defense in the Obama administration.

6 6 He could be spending his money on a yacht, but he is spending his money on this group, which is clearly designed to enhance U.S. tech competition with China.



— <u>Robert Atkinson</u>, president of the Information Technology and Innovation Foundation

It is unclear exactly what type of work SCSP will do, but <u>Robert Atkinson</u>, the president of the Information Technology and Innovation Foundation (ITIF) who has advised the group, says he finds Schmidt's continued focus on U.S.-China tech policy "very impressive."

"He could be spending his money on a yacht, but he is spending his money on this group, which is clearly designed to enhance U.S. tech competition with China," Atkinson says, adding that, in the past, it was common for American CEOs to take on national causes after

their business careers.

Others, however, are not as nostalgic. "What I hear a lot is people reclaiming the notion of the revolving door being bad to actually be good," says Jack Poulson, the executive director of Tech Inquiry and former Google engineer who resigned due to ethical concerns about the company's business in China. "I have never heard how the conflicts of interests from this increased relationship with the private sector should be mitigated."

'INHERENT TENSION'

A t a 2019 <u>conference</u> hosted by the NSCAI, Schmidt moderated a panel with Lieutenant General John Shanahan, the inaugural director of the D.O.D.'s Joint Artificial Intelligence Center, and <u>Kent Walker</u>, a longtime Google executive who was then senior vice president for global affairs. At the time, Schmidt was still a "technical advisor" for Alphabet, and in introducing the two men, Schmidt said, "I am joined with two close friends of mine. And I am probably the only person who can say this in the entire world: I work with, and for, *both* of them." As the audience laughed, he noted, "I want to make sure I disclose my conflict of interest to start with."



Eric Schmidt and Peter Thiel at a 2012 Fortune debate titled 'What is the future of Silicon Valley and the technology industry?' *Credit: Stuart Isett/Fortune Live Media via <u>Flickr</u>*

With regards to AI and defense contracts, however, Schmidt's interests aren't limited to Google. This year, he invested \$1.5 billion and became chairman of the board of <u>Sandbox AQ</u>, a Google spin-off AI company, according to PitchBook data. He is also an investor in Abacus.AI and on the board of Rebellion Defense, an AI defense contractor that received a <u>\$1.5</u> <u>million</u> Air Force contract last year and had <u>two employees</u> on the Biden transition team's agency review groups. Schmidt also co-founded two

venture capital firms, <u>Innovation Endeavors</u> and <u>Tomorrow Ventures</u>, and recently, he helped provide initial funding for <u>America's Frontier Fund</u> (AFF), a non-profit venture capital firm that aims to invest in critical technologies and <u>describes</u> itself as the "nation's first deep-tech fund that invests for the national interest." The CEO of America's Frontier Fund is Gilman Louie, the former CEO of In-Q-Tel, the venture arm of the CIA, and a NSCAI commissioner. (Schmidt, along with the billionaire entrepreneur Peter Thiel, provided initial charitable grants for the fund, but they are not on the board and, according to an AFF spokesperson, have "no role in investment decisions.")

There is no evidence that any of the companies Schmidt has invested in have received special treatment from the U.S. government. And when asked about how Schmidt thinks about potential conflicts of interest, a spokesperson for SCSP said that he and his fellow commissioners at the NSCAI generally avoided talking about individual companies or contracts and that they would recuse themselves from discussions if they believed there was a conflict.

"Generally speaking, Congress and the Executive Branch seek advice from individuals like Dr. Schmidt based on their knowledge and expertise, often to help fill in gaps in the knowledge within those institutions," the spokesperson said. "Hearing all sides and making a legislative or policy change is ultimately the responsibility of members of Congress or Executive Branch officials." Some critics worry the risk isn't merely in Schmidt potentially securing some contracts for Google (or one of his other investments), therefore further enriching himself. Rather, in Schmidt's case, the concern is about whether there is adequate transparency about his role as a key government advisor.

In March, for instance, <u>*Politico*</u> reported that Schmidt's "fingerprints" were all over the White House's Office of Science and Technology Policy (OSTP): more than a dozen employees in the office had been affiliated with Schmidt in the past, and Schmidt Futures was indirectly paying the salary of two office employees. The report also detailed Schmidt's close relationship with the head of the office, Eric Lander, who has since left the Biden administration due to <u>allegations</u> of workplace misconduct.

In a written statement to *The Wire*, a Schmidt spokesperson disputed the talk of conflicts of interest and said Schmidt was helping build up America's capabilities. "It's unfortunate that so many talented and successful executives who volunteer their time and follow all conflict of interest rules are too often attacked by those with negative agendas who have neither plans nor interest in actually solving America's significant competitive challenges," the statement reads.



Vice President Kamala Harris swearing-in Eric Lander as Director of the Office of Science and Technology Policy on June 2nd, 2021. Lander resigned from this position on February 7th, 2022. *Credit: Cameron Smith, White House Photographer via <u>Wikimedia Commons</u>*

As for the *Politico* report, a Schmidt Futures <u>statement</u> from March

denied any impropriety, explaining that 20 organizations pooled funding to pay the OSTP salaries to assist the "chronically underfunded" office. Still, the OSTP example highlights how Schmidt has ended up with something of his own government posse. Many of the analysts Schmidt has funded or worked with, after all, end up in government staff positions, and he has assembled an impressive and bipartisan group of government officials to support him — including Work, the former deputy secretary of defense, Thornberry, the former Texas Congressman, and Lander, the former head of OSTP. While Washington is no stranger to the influence of a small circle of elites — the foreign policy "blob," for instance — Schmidt's money and technical expertise make his China tech circle especially powerful.

But while the credentials of those involved in Schmidt's efforts imply broad consensus, some experts say there is more disagreement within the field than Schmidt's circle would have you believe.

Where I have the biggest quibble on the NSCAI report is the way they frame the U.S.-China competition on AI. There is an incentive to trump up China's AI capabilities, but I see the landscape as the U.S. having an enduring lead.



— <u>Jeffrey Ding</u>, a researcher at Stanford and author of the <u>ChinAI Newsletter</u>

For example, much of the AI commission's work assumed that China has the capability to overtake the United States in the next decade. Jeffrey Ding, a researcher at Stanford and author of a popular <u>newsletter</u> on the Chinese AI landscape, says that it is easy to draw

attention to this issue by framing it as an urgent threat, but he doesn't see it that way.

"Where I have the biggest quibble on the NSCAI report is the way they frame the U.S.-China competition on AI. There is an incentive to trump up China's AI capabilities, but I see the landscape as the U.S. having an enduring lead," he says. "They frame the current geopolitical landscape as, 'China is poised to overtake the U.S. in the next decade if we don't act now.'I don't think AI will make a huge impact on national security or economics in the next decade. Second, I don't think China is poised to overtake the U.S."

Others say that Schmidt's success at drumming up political urgency about China's advances in AI has come at the expense of more thoughtful discussions about defining specific goals for the United States. Controversially, the commission <u>argued</u> that the U.S. should not ban the use or development of autonomous weapons powered by AI. And a <u>presentation</u> P to the NSCAI, which was released as part of EPIC's lawsuit, argued that one of the reasons China's AI is so successful is because "mass surveillance is a killer application for deep learning."⁵

Sherman, at the Atlantic Council, says that this framing — that China is both ahead in AI and doing bad things with it — isn't useful.

"It doesn't make any sense to say, 'What China is doing on AI is awful and never something we should do in a democracy,' and in the same breath say, 'we are in a race with China," he says. "In a race, two people are running to the same thing."



Yll Bajraktari, executive director of the National Security Commission on Artificial Intelligence, speaking at the NSCAI Global Emerging Tech Summit in September 2021. *Credit: NSCAI via <u>YouTube</u>*

Bajraktari responds to this critique by pointing to the extensive sections of the report about values and infusing U.S. democratic ideas into the emerging technology. "Our report really makes clear that ultimately, this competition is about values," he says, noting that two of the report's 16 chapters were dedicated to questions around responsible and ethical use of AI. "We have said it time and again... the way we compete with China is if we build these technologies

based on our values and norms."

According to <u>Gary Rieschel</u>, one of the China Strategy Group members and the founding managing partner of <u>Qiming Venture Partners</u>, a venture firm that has invested in many high profile Chinese tech companies, Schmidt is motivated entirely by patriotism.

"Eric clearly thinks that the U.S. cannot afford to cede leadership in any area of technology," Rieschel says. "He is 100 percent sincere. This is not something he does to get attention or to get his own promotion. I have rarely met someone truly committed to doing the right thing for the U.S. in these areas."⁶

Others are not so sure, including those who suggest Schmidt's interest in China tech policy is opportunistic. Schmidt, for instance, has argued that the U.S. government should not be focusing on regulating big tech, and instead be focusing on competition with China. "The fact of the matter is, the antitrust issue is a domestic issue. The real issue is we need to compete against China and win," he said in an <u>interview</u> with *Axios* this year. "I want all of the conversation to be with the tech industry — what does it take to produce globally strong platforms? What is it going to take?"

Schmidt declined to comment on issues around big tech regulation for this article, but many experts argue that the U.S. needs a varied and <u>deep innovation ecosystem</u>, rather than a few

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- Elsa Kania, an adjunct senior fellow at the Center for a New American Security

Regardless of who is right, Schmidt's position is a reminder of why public-private partnerships are so vexing for the U.S. government. As <u>Elsa Kania</u>, an adjunct senior fellow at the Center for a New American Security who has previously contributed to a Schmidt-funded initiative, says, "There is an inherent tension between the fact that highly specialized expertise is critical to inform policy makers and the question of whether this input may be motivated by industry concerns."

Although the policies Schmidt is advocating for are not always controversial, that tension is why some observers think U.S. policymakers should be more clear-eyed and diligent about private-public cooperation. Regardless of how you assess the China threat, they argue, the country needs people like Schmidt with technical and commercial experience to help guide government policy and action.

"We cannot hermetically seal the government off from private interests," says Bateman, at Carnegie Endowment for International Peace. "We need to cross the T's and dot the I's, but not enough to drive off people like Eric Schmidt."

In other words, the U.S. government needs Eric Schmidt, but day-to-day adult supervision is still required.



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COVER STORY



Pole Position

BY EYCK FREYMANN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic





Transsion's Triumph

BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.





Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outstocken; and why he believes in China's and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.



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