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RENOVATING DEMOCRACY:
GOVERNING IN THE AGE OF GLOBALIZATION
AND DIGITAL CAPITALISM

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P R O C E E D I N G S

MR. JONES: Good afternoon. Welcome to Brookings. My name is Bruce Jones. I'm the Vice President and the Director of the Foreign Policy Program.

And it's a pleasure to welcome you here this afternoon for our event with Nathan Gardels and Nicolas Berggruen, authors of the new book, *Renovating Democracy: Governing in the Age of Globalization and Digital Capitalism*. It seems like a particularly apt time to be talking about these themes today, and an extraordinarily important set of topics.

I'm delighted, in particular, to welcome Nicolas back to Brookings. We've been fortunate to engage Nicolas at Brookings for several years as a Member of our International Advisory Committee, and it's going to be wonderful to have him on stage with us today.

In 2010 Nicolas along with Nathan established the Berggruen Institute, a nonpartisan think tank which seeks to address some fundamental, political and cultural questions in our dynamic world, and in particular has become known for taking a long view, a long-ranged view on some of these critical questions.

They focus on practical improvements on governance. Nicolas formed the 21st Century Council, a Council for the Future of Europe, and the Think Long Committee in California to design and implement good governance. And through these projects the institutes have worked closely with leaders in this country, as well as France, Germany and Chinese leaders.

They've also authored several books together including: *Intelligent Governance for the 21st Century: A Middle Way Between West and East*; which the *Financial Times* called one of its best books of the year.

And we are partnering with the Berggruen Institute on a very important track two dialogue with the Chinese on the implications of artificial intelligence for national security zone and delighted to have that partnership.

But today they're here to discuss the themes and presenting the findings of their latest endeavor together, *Renovating Democracy: Governing in the Age of Globalization, and Digital Capitalism*. And I think the book's themes lend themselves to a conversation on the core of challenges facing democracies in the West, but also a trajectory of the role of democracy in other regions, and in the

international system as a whole.

At a time when we all know full well that democracy is grappling with a number of issues internally, but there's also an increasingly important context for the role of ideas and for the space of democracy in the international system.

We spent a lot of last year looking at these questions and saw a lot of evidence of the interplay between the times of economic and political challenges that democracies are facing at home and the changing dynamics of international order on the other hand.

These themes are in Nicolas' and Nathan's book as well, but they also have a particularly a compelling focus on digitalization and the implications for democracy, and I'm sure they'll talk about that today, along with political, economic and governance factors that are challenging our states, and our country, and the system as a whole.

They highlight the paradoxes of governance in a digital age, they look at the question that China poses, some things we can learn, some things we can't, and to think critically about how to take back control in an era of hyper-globalization.

Here to discuss these issues with Nicolas and Nathan, is Indira Lakshmanan, who is the Executor Editor of the Pulitzer Center. She has covered presidential campaigns, she's interviewed leaders from around the world, she's reported from 80 countries on six continents, and she's been a Washington Columnist for *The Boston Globe* following eight years at *Bloomberg News* as a Diplomatic Correspondent.

She traveled regularly with the Secretary of State; Hillary Clinton and John Kerry. She knows the foreign policy world inside, outwards and backwards, but much more beyond, and has been a great partner to Brookings in a number of our events, and we are delighted to her back.

Before we start, I want to reiterate Brookings' commitments to its independence, and just to make sure we all understand that the views of the authors are theirs alone, but they're externally rich and interesting views, we look forward to hearing them. And we look forward to having Indira lead us through the conversation.

So with that, let me ask you all, please, to come on stage.

MS. LAKSHMANAN: Well, first of all, I want to thank Bruce and Brookings so much for

inviting me to take part in this conversation, and it's a real honor to get to speak with Nicolas Berggruen and Nathan Gardels who are the co-authors of this new book, *Renovating Democracy*.

Clearly, as Bruce opened by saying, this is quite a moment that we are talking about this. So we couldn't have picked I think a better week.

But I want to take us back a little bit further than this past week, and think about how the political tumult that has gripped established democracies and newly-emerging governments in the U.S., Europe, the Middle East and Asia, has rightfully prompted concern, even panic, and a lot of deep thinking at places at like Brookings and the Berggruen Institute about the collapse of the Liberal Order, democracy facing an existential crisis, autocracy rising, and what to do about it.

So, I can think of no better way to frame our conversation than with a quote from the authors, and it really summarizes the tangle of challenges and problems in a globalized, digitally-connected world that have no obvious solutions.

They write, "The rise of populism in the West, the rise of China in the East, and the spread of peer-driven social media everywhere, have stirred a rethinking of how democratic systems work or don't. The creation of new classes of winners and losers as a result of globalization and digital capitalism is also challenging how we think about the social contract, and how wealth is shared.

The worst fear of America's Founders, that democracy would empower demagogues was realized they say in the 2016 U.S. Presidential Election, when the ballot box unleashed some of the darkest forces in the body politic.

Similarly, in Europe an anti-establishment political awakening of both populism and right-wing neo-nationalism is consigning the main stream centrist political parties that once dominated the post-World War II political orders to the margins.

Donald Trump's election and the populist surge in Europe did not cause this crisis of governance --" they write, they say, "They are symptoms of the decay of democratic institutions that have failed to address the dislocations of globalization and the disruptions of rapid technological change. The revolt against a moribund political class has transmuted into a revolt against governance itself."

So, for those of you who haven't read the book yet, that's a tidy little intro to their concepts.

So, Nathan, let me start with you. Just in the title itself, what does it mean to renovate democracy? There's been so much written about liberal democracy and its demise in recent books, so how is your position on renovating democracy, how does it fit into that conversation?

MR. GARDELS: You know, first of all, thank you for reading. It kind of says everything I was going to say.

MS. LAKSHMANAN: Awesome.

MR. GARDELS: But believe me, really, I have more to say, so don't worry about it. Let me just preface my answer by saying that, especially here at Brookings, here in Washington, a lot of the current debate has shifted to the backsliding of democracies around the world, and the increased power of authoritarian leaders.

So, somehow it's been cast as democracy versus Russia and versus China, when in fact what the West should be focusing on is its own internal dysfunction, and the way democracy works, which is why we call for renovating democracy. As you mentioned there --

MS. LAKSHMANAN: So, you're like the Property Brothers of democracy?

MR. GARDELS: Yeah, exactly, exactly. So, as you mentioned there, we don't see Trump and the populist in Europe and in Brazil now as the cause of the crisis, but as a symptom of the crisis, of a moribund political class that didn't respond to the needs and interest of the average voter.

And so when that happens, when the elite unresponsive in systems legitimated by populist sovereignty, demagogues ride the rage to power, as fashioning themselves as tribunes of the people, and then they're destroying the institutions that we all value in terms of checks and balances on power.

So, there is this breach that has emerged between the institutions of self-government and the public. So, how do we mend that breach is the focus of the book.

When we say "renovation" what we mean is that we want to -- it's like when you're renovating a house, you want to keep the foundation, you want to keep the load-bearing walls, but you want to update the systems to fit the current reality.

The current reality is the challenge from China, it's peer-driven social media, it's the displacement of labor and the bifurcation of the labor force because of digital capitalism, these have to be

responded to in a way that engages the public.

So, renovation is taking what works, the Founding Fathers' ideas of separation of powers, of cool and reasoned deliberation vis-à-vis populist sovereignty, and figuring out how to frame or to craft a new way of doing democracy in the 21st Century.

And so we go with it -- in the book, I think you're going to ask some questions, we'll go in the book about how to do that, we discuss direct democracy, we discuss citizen's assemblies and ways of citizens for greater participation. But also to be sure that there's a deliberative filter there, so that you don't end up just getting demagoguery, but you end up getting governance.

So, renovation means not tearing it all down, it means I think the populist pursuing, for good reason there's revolt, but not tearing down the institutions that are central to this viable (inaudible).

MS. LAKSHMANAN: While I like sticking with the HGTV Network analogy we've got going here, about the keeping the bearing, the load-bearing walls up, and just fixing the insides, making sure that the pipes and the electricity are up to code and up to standard. But tell us a little bit more about, you know, when you say you're going back to the drawing board of democratic design, updating it for the 21st Century, give us a little more detail about how that would provide more balance in governance than we have now for future generations.

MR. GARDELS: Okay. I think the -- first of all we come from California, and California is already a direct democracy. All the consequential decisions over the recent years in California had been made by voters directly at the ballot box. Citizens' Ballot Initiative means, you know, several hundred thousand people signed a petition, it goes to the public ballot and people vote. They can outlaw same-sex marriage which happened, they can try to outlaw benefits to immigrants, that happened, or they can try to stop gerrymandering and recreate districts by citizens instead of legislature.

So, we have a system already where it tries to engage the public, but the problem is that there is no filter, there's no deliberation between the public and the policy. And if you don't have that, democracy is as much about what happens outside the ballot box, as what happens at the voting booth.

It's all these questions of deliberation. For example, a referendum in -- the Brexit Referendum, had there been a public platform for deliberation before the Brexit vote, and all the consequences we now know had been aired, the consequence would likely be much different.

So, as the public wants more engagement, and more participation, and social media really fortifies, peer-driven social media fortifies discontent, it fortifies ideas, these need to be brought to the fore, but they need to be, you know, processed through a cool, and reasoned deliberation to make sustainable policies, and policies that are fair for everyone.

So, in the book we go through two ways to do this. I don't know if you want me to go -- I can go into detail on that now, if you like, but this is what we call participation without populism.

MS. LAKSHMANAN: Let's get back to that.

MR. GARDELS: Okay.

MS. LAKSHMANAN: Because I want to ask -- I want to ask Nicolas to drill down a little on something you alluded to, which is this notion of populist leaders calling for direct democracy, but how that can sometimes go awry and -- or, you know, depending on your point of view I should say. But let's talk about Brexit as an example of that. Of course the Referendum did not need to be binding but it was, in the end, treated by the Conservative Party as a binding referendum, and it's been hard for anyone in Britain to get around that thinking.

So what do you see, Nicolas, as some of the potential pitfalls of direct democracy, using direct democracy to cope with issues if you don't have the larger system in place that Nathan referred to?

MR. BERGGRUEN: Well, I think Nathan sort of summarized it, I think, well. A referendum or a vote itself, in essence, in isolation is really too dangerous. And this would be in context of something, and there needs to be deliberation and information before you have such a vote

And certain things should be delegated to government, and certain things should be in the hands of citizens. And the question is: what, and in what context? And I think the context is important and environment, at least in the Western democracies, where elections or voting on issues like Brexit become key.

If they are entirely populist in nature, meaning a contest, as opposed to deliberative and really an input to government, and government should be for everyone, it shouldn't be just for the ones who've won. If it's not, in that context, it becomes incredibly divisive, and we've seen in recent referendums, recent elections, that it divides as opposed to unite.

And at the end of the day you can't build a future if you divide it, you have to come

together in some ways. And so I would say the instruments exist, meaning referendums, we have the experience of it in California, but they're very blunt. And today it's irresistible on the part of citizens, and also of government to engage citizens in direct democracy. It's going to be harder and harder with technology, with access to information, access to communications to stop that.

The question is, how do you engage citizens in a way that's constructive? How do you inform citizens? How do you make sure that issues like Brexit, or others, are deliberated so people understand the unintended consequences so that they vote in an informed way, and it's not just a populist contest. So that's the difficulty, it's the opportunity but also the difficulty.

MR. GARDELS: I could give an example.

MS. LAKSHMANAN: Yes, please.

MR. GARDELS: Just an example of that to be concrete. It's what happened in Ireland. In Ireland there were several questions of the Parliament who wanted to have the country decide, including highly emotional issue of whether abortion should be outlawed. Section 9 I think of the Irish Constitution.

So rather than just throwing a referendum out there that says what do people think, they first convened a series of citizen assemblies which were scientifically, randomly-chose citizens that represent, you know, the demographics, and the gender, and so on, of the whole society, that met over a period of weeks with moderators and with like a trial with pro and con, you know, with the prosecution, and the defense, and with experts that would manage on this very polarizing issue to come to a consensus.

In their case the consensus was; that we are not for abortion or against abortion, but it shouldn't be outlawed in the Constitution. This was the way in which a highly volatile issue was taken and polarization was reduced, a compromise was reached, and it was removed from the Constitution.

MS. LAKSHMANAN: Strikingly there was only one county in all of Ireland, in such a conservative country on the issue of abortion, there was only one county that voted against that, and wanted to keep abortion illegal.

MR. GARDELS: Exactly. Then now, in Britain, we don't know -- it's not only a crisis of democracy or constitutional crisis in Washington, but also in London, and in Great Britain. We really don't

know what's going to happen with the Brexit deadline, but the Former Prime Minister Gordon Brown, several members of the Select Committees of the Parliament are now trying or proposing a citizen assembly to deal with the referendum issue.

Either if there's a second referendum, or if there's a confirmation vote, how to work through these issues in a way where you're outside the heat and the passion of electoral contest where parties are vying for power, and the citizens themselves have a chance to be informed, and to come to a consensus, because in most cases, as everyone here knows, when partisans are vying for power things get split, and things get extreme.

When you're not vying for power, but the citizens on the ground seem to be more practical and more pragmatic, and you can reduce. So this kind of process, this kind of participation without populism, we think is an important element for the future of democracy, precisely because there are more players than ever before in the political fray because of peer-driven social media.

So, you now have an environment which is very different from the Founding Fathers', and very different from when Direct Democracy was introduced to California, for example. So, one of the updates, one of the renovations is to renovate institutions so they can deal with this new reality of the digital age.

MS. LAKSHMANAN: I love your notion of engagement, getting citizens to talk about, because I think your argument could be easily misunderstood by some people, as being an elitist argument. You know, that people shouldn't be -- there shouldn't be direct democracy because people are uninformed and they're going to make bad decisions, but that's not actually what you're saying.

You're saying that everyone should be informed, and do this in whatever way you come up with, you give the Ireland example of these scientifically chosen -- let's not say polling groups, but groups of people almost like a -- you know, groups that a polling community might use, but instead actually trying to inform them, rather than just react to whatever they say their preconceived ideas are.

MR. GARDELS: Yeah. We have to deal, we have to deal with the reality of that. Everyone thought that the Internet age would mean a more informed public than ever before. Instead we all know we have this fake news, alternative facts, disputed --

MS. LAKSHMANAN: Which are lies.

MR. GARDELS: -- disputed data, and so actually the public discourse is much more complex now than it was before. So, you need more than ever these impartial institutions of deliberation to cope with this new information ecosystem.

MS. LAKSHMANAN: Well, clearly, the Internet gives us both more and -- access to much more information, and in some ways allows us all to be more engaged, but it also spreads a lot of misinformation. And so it has a force for both good and for bad.

But I love the idea of engagement. Actually what we do at the Pulitzer Center is that, we support in-depth journalism, public service investigative journalism, with the objective of having it be for global engagement, so that people and communities can read it and make something out of it, and that is exactly what you're talking about.

The problem is, that's tough work, and that's why it's so easy for partisans and populists, but partisans of all kind, to jump in and make elections really electric in a bad way without information underlying them.

MR. GARDELS: Exactly.

MS. LAKSHMANAN: So I mean, I think what you're talking about this participation without populism, is a great idea, but the implementation of it is sort of hard work that we are not really used to. I mean it's hard work of, like, how do get people to come to these community meetings? How do you get people to give up an evening when they could be watching baseball, or *The Bachelor*, or something like that, and actually show up at a community meeting and talk about something important?

So, you've touched on this participation without populism. Do you want to talk about the other two Ps in the book, pre-distribution and positive nationalism?

MR. GARDELS: Sure, sure. So, in the book we -- to go back to my first comment that what we really need to focus on is what's happening inside democracies of the West, instead of just focus on some battle with the authoritarian state. So, in the book we link these three themes, the three Ps, participation without populism, pre-distribution of wealth instead of only redistribution, and positive nationalism.

Participation by populism is what I was saying is that, because social networks have brought more players into the political fray than ever before, never has a need been greater for impartial

practices in institutions to sort out the cacophony of voices, the welter of conflicting interest, and the deluge of contested information.

To mend this breach I talked about before between the institutions of self-government and the public, we call for more citizen engagement participation without populism which means, as we've discussed, integrating -- instead of battling it, and looking through the old ways of just representative democracy, we need to integrate social networks, and more direct democracy into the system with these new mediating institutions, that complement representative government. They don't replace representative government, they complement it.

And just to comment there as well, is that it's not as if everyone is going to give up watching the TV shows you mentioned, and study the issues, and go to the ballot box, that's why you need these kind of indicative assemblies of citizens, that can be informed on behalf of the public, and be able to inform the rest of the public, in turn, about these various issues, which does not happen in elections by and large.

The second P is pre-distribution. The innovations of digital capitalism are steadily disruptive and increasingly separating employment and income from productivity growth and wealth creation. So, a social contract that responds to that dynamic must protect workers instead of jobs, for example, with universal benefits portable among work places, and foster an ownership share by all, in the wealth generated by the robots that are displacing gainful employment.

The aim is to enhance the skills and assets of the less well-off in the first place, pre-distribution, instead of only distributing the wealth of others after the fact. We call that universal basic capital. The idea is not just to break up concentration at the top, but to build wealth from below.

In the digital age, the best way to fight inequality is to spread the equity around, positive nationalism. And these all fit together because you can't separate the rupture of democracy which was caused by these other issues. So they all fit together.

So, the third P is positive nationalism. In order to harness globalization, we argue for dialing back one-size-fits-all hyper-globalization by allowing for post-industrial policies that build national economies while embracing the values of an inclusive society instead of nationalistic incantation but understanding that open societies require defined borders if the social contract is going to be binding.

Positive nationalism is not the antithesis of global cooperation it's the precondition for it. Now, within that, we also deal with China, so if you want ask about China later, I'll hold off on that one.

MS. LAKSHMANAN: Yeah, let's come back to that.

MR. GARDELS: Yes.

MS. LAKSHMANAN: Nicolas, I actually want to drill down with you on this part about pre-distribution. We've had a lot of discussion in the U.S. campaign now for 2020, certainly among the Democrats, about this question of universal basic income. And I know that you're a proponent of universal basic capital as opposed to universal basic income. So, tell us, what is the difference in your mind? And why would universal basic capital make this whole, the three Ps, in your idea of renovating democracy at work.

MR. BERGGRUEN: So, the idea of pre-distribution we think is --

MS. LAKSHMANAN: Rather than redistribution, obviously.

MR. BERGGRUEN: That's right. So, it's quite fundamental in the sense that it changes the psychology, and it puts people in the same boat as opposed to on the opposing sides. And redistribution is a way to take from the haves, and redistribute to the ones who have less. But what about as opposed to having a fight between those two camps, what about having everyone own the future, including the state.

So, it's not just citizens, but it's everyone together, so it's a virtuous environment as opposed to, frankly, a vicious environment of opposition. So, in an environment where digital goods are more and more valuable, you are likely to have more and more concentration of wealth. And capital and workers will own, actually, less and less of the value that's being created.

IP, intellectual property is becoming more and more valuable, so in essence, you could almost say that the robots are becoming more valuable. And it's being proposed that you tax the robots. Why not? The idea here is as opposed to taxing the robots, own the robots.

And as an example, if you start a new -- let's say Indira starts a new company and it becomes a new Google, as opposed to your owning 100 percent of it you own, let's say, 70 percent of it, and 30 percent goes to a fund for all citizens. What happens?

If you're successful, you're going to be very happy, if you own 100 percent or 70 percent

won't make much of a difference. But the 30 percent that goes to everyone, and this could be in lieu of taxes, or in lieu of lower taxes, will be to the benefit of everyone, meaning citizens, and very importantly, also the state. So, you have everybody in one direction, everybody in the same boat as opposed to some are inside, and some are not inside.

MS. LAKSHMANAN: How would you address the problem that would instantaneously come up, opponents of taxation would say this is just a new tax, this is a 30 percent tax on my intellectual property, I came up with this idea. I did it. And why should I have to give away 30 percent of the revenue that's coming into my company or 30 percent of the ownership of my company, and everything that comes from that, to just random people I don't know? How do you address that question?

MR. BERGGRUEN: One way or another, if you're a participant in an advanced society you're going to have to share through taxes --

MS. LAKSHMANAN: But a lot of people, they don't like to share.

MR. BERGGRUEN: No. Well, but you can't build a future if you don't share, and you can't have customers, and employees, and competitors, state, et cetera, was out having, you know, some social contract. And the social contract, historically, has been through redistribution, through taxation. So, the idea is, make taxation less of a factor, make ownership which is much more productive, much more empowering, much more positive, the factor that drives value and sharing.

MS. LAKSHMANAN: And to both of you. How would you get this through a system where Republicans in Congress would definitely say, this is worse than taxation, this is socialism? That's what they would say.

MR. BERGGRUEN: But it's capitalism, socialism and capitalism together, if you want, in the sense that that it's capitalism because it's ownership, and it's -- you know, ownership which is obviously capitalist but it's sharing, which is a social good. Taxation accomplishes the same thing, but after the fact, and it's always a fact. Here you're together, as opposed to one against the other.

MR. GARDELS: This idea of pre-distribution, of owning the robots instead of taxing the robots, it's a continuum, depending on, as you've suggest, depending on the political environment, the legal structure of a given place, whether you're in California, or you're in Europe, or you're national, in the U.S. It could mean -- remember that the main -- here's the main concept, if people here are familiar with

Piketty book on inequality, the main problem is those who get return on capital, and those who live off of their labor.

So, what you want to fix is more people getting return on capital. So this can be through conventional means, through mutual funds, and whichever one invests, or like the California Public Employees Retirement System, covers the public employees. If it covered everyone, everyone would get a share of the investment being made in all these companies. That's not a confiscatory or a tax way, it's an investment way. So that's one possibility.

Another possibility is what they call platform cooperatives, so instead of Uber or Lyft owning the ride sharing in your neighborhood, if a neighborhood all owned a piece of the ride-sharing service, and through blockchain, we are all paid the way Uber or Lyft are paid, that's another way of platform cooperative.

There's a company in Massachusetts, to take one example, on the medical innovations. If you share your medical data with them, you get a piece of any royalty that comes from pharmaceutical invention. Another, so there are various ways, the point is to get a return on capital to ordinary people instead of just them on labor -- just making a living a labor.

So, there are various ways you can do this; when Nicolas said, to mutual funds, to platform cooperatives, in California our Governors call for data dividend, that everyone should get a share of the value of the data which is used by the big data companies. How do you do that? We are working on that in California.

In terms of taxation, for example, you raised, I mean there are various ways you could deal with this. So, for example, one proposal now that's being discussed in California, is as a condition of registering your startup in California, you would have to transfer 5 percent, 10 percent, whatever, between 5 and 10 percent of your equity to a sovereign wealth funds for the benefit of the whole state.

In lieu of that you would get a tax break. So the idea there is you're not taking an existing company that's worth a lot, and taking things that they've created, you're going there at the outset to capture some of the potential growth of that company in lieu of a tax break for them, which could grow enormously over the years.

So, had that happened with Google 15 years ago, whenever Google was founded, a

state sovereign wealth fund that could be used for public higher education or to pay dividends to citizens would be in the hundreds of -- well, hundreds of millions, high hundreds of millions of dollars. So there are various ways you can do it.

MS. LAKSHMANAN: Let me ask you specifically about California, because you talk in the book about states having been laboratories for democracy, and you say the same is true now, not just historically, and you've done some work in California to explore and to test your recommendations. So tell us what you found and what you've learned.

MR. GARDELS: Well, what we do in the book, to go back to the renovation point, what we do in the book at one point, I think in one of the more interesting parts of the book, is trace the different stages of American democracy. The first turn of American democracy was obviously the Constitution, but the Constitution came about as a result of years of Constitution writing, and building, and experience in the independent states before the Constitution was signed in 1789, between 1776 and 1789.

It's when John Adams and the others came up with the constitutional principles, so those were devised in the crucible of the states. And what they came up with is, of course, they didn't like democracy at all, because of some experience in the states of direct democracy in Pennsylvania, and some fiscal issues. And reading the Greek and Roman antiquity, all the Founding Fathers opposed democracy, democracy as a way of governance. Democracy is not in the Bill of Rights, the Constitution or any other founding documents, because the Founding Fathers didn't like it.

They preferred the Republic, in which they would delegate authority to check popular sovereignty. So that came out of the states. Then between the Constitution a hundred years later the next set of innovations came in the states again, in the Progressive Movement. The Progressive Movement emerged in the turn of the 20th Century, in the late 1800s, and turn of the 20th Century, of the same kind of environment we have today.

Technological upheaval, the growth of cities, Industrial Revolution, new rights, have to follow new technologies, there were concerns about labor rights, about working hours, about the abuse of the big trusts on farmers, and the railroad companies, and the banks.

So what emerged out of the Progressive Movement was this idea of direct democracy, if

the legislature and the representative of democracy was captured by all these special interests, the way to deal with it within the Progressive Movement was to introduce direct democracy which we borrowed from Switzerland, which is, let the people make the laws. If your representatives are not doing the job, and they're doing it badly in any case, why not give the power to the people.

And there was also a case made in those days for greater information environment, because mass newspapers were born for the first time. So, direct democracy was introduced in that period in many states, today there are 27 states, including -- well, not including but the District of Columbia is not a state, but have various forms of direct democracy that came out of the Progressive Movement.

But what also came out of the Progressive Movement was the idea of smart government. Instead of cronies running cities, they got the idea, let's have city managers, let's have people who know what they're doing to manage the cities.

In Wisconsin they called the Wisconsin idea, La Follette was the Governor there, a big Progressive Leader, called on the university to write the labor laws, the antitrust laws, and so on. So, it was a marriage of direct democracy and smart government. Because the idea was professionals and experts can bring more -- can bring less partisanship and more information to the process.

So those were the first two turns for American democracy, and what we argue in the book is we are in the third term of American democracy for all the reasons we've just discussed. The advent of peer-driven social media, another technological period of upheaval, and this period we should combine the experience of both of the previous ones, which is the deliberative emphasis of the Founding Fathers that you just don't give popular sovereignty free reign.

Give a people a voice to direct democracy, but also smart government, and also new deliberative institutions as we've been discussing that go along with direct democracy. So, this is happening in the states as well, and the innovation will come from the states. In California we are doing a lot of this. If you want we can go into some detail on that, but it won't emerge out of Washington, it won't emerge out of the partisan gridlock in Washington.

All these changes, as in the Progressive Era, will come from the States first. In those days, all the things we have now, antitrust laws, labor laws, even the direct election of the Senate,

women suffrage, they all came out of the states in a Progressive Era.

MS. LAKSHMANAN: As the crucible. So, just give us an example, with this new crucible you're look at, you're using California as your laboratory. So what specifically, give us one or two examples in California that you think could now be applied at the national level?

MR. GARDELS: Well, I'm not sure about the -- like everyone in this room, I will throw my hands up at the national level. I can tell you what we are going in California, how it filters up is a --

MS. LAKSHMANAN: It's key though.

MR. GARDELS: Well, yeah.

MS. LAKSHMANAN: If we're going to use them a (crosstalk).

MR. GARDELS: Well, I think -- okay, I'll talk about digital rights in California, and let's have (crosstalk).

MS. LAKSHMANAN: Okay.

MR. GARDELS: But let me just talk about the deliberation aspect, because as I mentioned earlier, California is -- so I will talk about direct democracy, and I'll talk about digital rights and how the digital rights can affect the national. And they all kind of interlink. So, as I mentioned before, California is already a direct democracy. Yes, we have a governor, yes we have a legislature, but all the consequential decisions, taxes, budget, environment were made by the public at the ballot box.

And that can be for good, and for ill, as I mentioned, it can -- has resulted in getting rid of gerrymandering because citizens can now draw the districts, but also resulted in more benefits for immigrants thrown out by the courts, and no same-sex marriage.

So, the point is we had a direct democracy system and initiative where people would just sign petitions that become law. We introduce -- in that case when you -- it's called a ballot proposition, when it's qualified, because of the number of signatures it goes to the ballot, and before 2014, you could not change a comma, a semi-colon, or anything once it was qualified.

We passed a law with Governor Brown in 2014 that allowed the legislature to negotiate with the sponsors, when once 25 percent of qualifying signatures were gathered, this is the second reading idea, so that they can identify problems, unintended consequences, and negotiate with the sponsors in order to make more sound legislation.

So, this worked since 2014, so in the past three or four years, in producing the first -- the landmark minimum wage law, and the first Digital Privacy Act in the country. So, that's only a part of the puzzle is to have the citizen initiative negotiate to have a second reading by the legislature.

The other part of the puzzle we are still working on, which is to have the citizens' reading of the ballot initiatives, because there's no citizen deliberation on the ballot initiative, and this leads to the digital rights thing, so the problem you have now is -- so actually it's Uber and Lyft, the better example.

So, through this process we've got the first Digital Rights Privacy Act, and that's now effecting the national legislation, just the way the Progressive Legislation on labor filtered up to the national level. The national level, what the big tech company is trying to do, is they're trying to pass a Federal law, privacy law which is weaker than the California one.

So it's filtering up, but there's a battle. Let me tell you why citizens' liberation is necessary and this will also affect the national policy on, say, Uber and Lyft. The people in parliament may be -- we just had a legislative battle over whether contractors for Uber and Lyft should be workers, considered employees, or whether they should be contractors. So there was negotiation going on between --

MS. LAKSHMANAN: And with the effects of course is their ability to get sick time.

MR. GARDELS: Yes.

MS. LAKSHMANAN: You know, health benefits, all sorts of things that workers take for granted.

MR. GARDELS: Yes. So, this bill is called Assembly Bill 5, and basically it made everyone who was a contractor, if they're considered to be part of the main activity of the company an employee, and have every right that everyone else has as an employee, benefits and s on.

There was negotiation with some good ideas where Uber and Lyft and some of the others wanted to have sectoral bargaining instead of company-by-company, or they were willing to offer \$27 minimum wage and some benefit in a category between worker and between contractor. That really didn't go anywhere in negotiation, but the point I want to make here, is that the citizen were not present anywhere in this battle. The unions were on this side, and the big companies were on that side --

MS. LAKSHMANAN: And interestingly, many of the drivers were on the side of the

companies.

MR. GARDELS: Yes.

MS. LAKSHMANAN: Because they were worried, that then they weren't going to be given - they weren't to be allowed to have the hours that they needed because of --

MR. GARDELS: And the flexibility, and so on, yeah.

MS. LAKSHMANAN: Well, more the hours because then they would be counted as a full employee and the companies wouldn't want to give them those benefits. They were worried about loss of income, and other people were worried (crosstalk).

MR. GARDELS: So, it's a complex issue, and it affects the public. But the public -- so I'm sorry for being so detailed here, but it matters to discuss the democracy, so Uber and Lyft failed, and the legislation sponsored by the unions passed.

So, now what's going to happen? Uber and Lyft are going to the initiative process to gather signatures from the public, to try to overturn the law. So, my point is that you have Uber and Lyft, and then you have the unions, and the public that's going to be affected has no voice in it.

MS. LAKSHMANAN: And shouldn't the public have been involved at the outset?

MR. GARDELS: Yes.

MS. LAKSHMANAN: To understand what it is that they're voting on, and what's at stake.

MR. GARDELS: And so one of the things that we are trying to do is put together a citizen assembly, between now and the election next November, in which citizens can discuss this in one of these assemblies like the Ireland one I discussed. So their voice is heard in this process.

My suspicion is that the public will come out in a compromise rather than one side or the other, but that shows the complexity, but in both of these cases, well, all three cases, minimum wage, digital privacy, contractors versus employees, that will all filter up, policy-wise, to the Federal level.

MS. LAKSHMANAN: Right. Nicolas, I want to -- we've been talking a lot about peer-driven social media, in the book you talk about a lot. And I want to ask you, jumping off of Uber and Lyft, what do you see as the role of social media companies, technology platforms? You're in California where they're all based, in terms of both the challenges we face, let's not forget 2016, the elections both of Donald Trump and Brexit were marred by all sorts of misinformation that was spread on platforms.

So, what do you see as their part in the problems that democracy faces now, or in potential solutions? And given your proximity to some of them, Facebook, Google, and others, Twitter, what is the sense you get from talking to people there about their willingness to cooperate and do something in a constructive way?

MR. BERGGRUEN: So I think they're both a problem and a solution. And I think that people mistake, in my mind, the social media platforms as being sort of actors. In truth they're enablers and -- but they're very powerful enablers to the point where I think they've disintermediated traditional actors, meaning traditional media today is incredibly weak, at least in terms of influencing the general population, political parties are much weaker, traditional political parties are much weaker.

So, social media has disintermediated these traditional actors, but there has been no replacement, and the question is: what is a replacement? Because you need deliberation, you need at the end an editor, and the question is: who is the editor? And the social media platforms cannot be the editors, they've been reluctant to play that role. Even though, in reality, they are media, but they are platforms as opposed to the producers of media.

The algorithms rank and help filter information or ideas in a certain way, no question, but, you know, at the end of the day, should they decide? Who decides what the filter should look like? And one way or another you need a sort of -- a new solution which probably won't come from the media companies themselves. Probably, I mean, the platforms themselves, the traditional media companies or the political parties.

So, you need a new set of actors, part of what we propose are these deliberative assemblies, citizen groups that will inform the general public as to different issues, or the issues that Nathan mentioned. You know, everything from Uber, Lyft, or privacy, these are the kinds of things that really at the end could affect all citizens.

So, you need deliberation, and you need bodies that inform citizens and engage citizens, then the representatives that have been elected, and the administration that's been appointed should be responsive to the findings and the recommendations from the bodies.

That you need, today, you need a much more, I would say, dynamic form of government which is not just elections, representatives, and the bureaucracy, you need to engage citizens in a way

that's smart, informative, that uses the social media platforms, because they're there to stay. They're incredibly powerful, but again, they're just an instrument.

MS. LAKSHMANAN: So, if done in a way that you're suggesting, where there would be these deliberative citizen assemblies that would get together and hopefully, you know, learn from fact-based information, whether it's gathered by reporters, or gathered by think tanks, or other places, by governments, they would learn from this knowledge.

And then in your view, what would be the best possible outcome? Are you talking about regulating social media platforms? Are you talking about social media platforms being forced to hire journalists as editors? What is your best case scenario for how the problems that we've seen repeatedly, year after year influencing elections in a bad way? How could that be addressed?

MR. BERGGRUEN: Well, I think the idea of having citizens, assemblies or the deliberative bodies, inform, meaning giving access to them, and sharing that information I think is very important. The social media platform shouldn't do the hiring, they shouldn't do -- they should just give those bodies a voice, give them, you know, sort of information rights and disseminate them because they can.

They shouldn't be the ones who are managing the process, because they've been reluctant to be media companies, if they were going to be a media companies they have to take the position, but they're not media companies and in some -- they way --

MS. LAKSHMANAN: Although as you say, to mediate all the information we get, and traditional media companies, even the most successful ones are dependent on them.

MR. BERGGRUEN: So there should be certain -- there should be certain standards. There should be standards. In reality the big social media platforms have become utilities, so there should be at the level of regulations in terms of giving -- you know, a certain amount of information, different voices a chance to participate, and there should be a level of regulation that inform citizens that gives the different voices a chance.

So, that I think will need to be done, and the media -- I mean the networks themselves will not create it. It will have to come from the outside.

MR. GARDELS: Just speaking to the Pulitzer -- the Head of the Pulitzer Center, one

thing we say in the book is, we should go beyond the third-party monitoring which the companies are doing to creating a stream of revenue for Fourth State meeting, the traditional journalists --

MS. LAKSHMANAN: That will be nice.

MR. GARDELS: -- that knows how to -- you know, sort out the facts, and so on. One other comment I would just make about what they can do now with the third-party monitoring, and I was just speaking recently about this with Eric Schmidt from Google is, if you have a -- he used the case of something that happened with Macron when he was running for President of France.

Some little outfit in Oregon said he was engaged in a financial fraud in sometime in the past. It was completely an invented piece of information. They could see --

MS. LAKSHMANAN: False, just to be clear.

MR. GARDELS: False, but it was -- and in France you can't have TV or mainstream media, doing any campaigning, I think it's 48 hours just before the election. But this was going on all over social media. So the third-party monitors can see what's happening, they can see this, you know, 20 people looking at it here, then it goes to a 100 people, then it hits an amplifier including bots, that just explodes.

So, at this point they -- you know, it's possible for them to put in speed bumps because the problem is the virality of false information. And they can stop the acceleration of the information, the virality of it, because you actually see -- you see them up on the Internet and then monitors can do it.

MS. LAKSHMANAN: They can slow it down, they can (crosstalk), yeah.

MR. GARDELS: They can slow it down, because the problem is the spread of the information.

MS. LAKSHMANAN: And make this stop.

MR. GARDELS: It's like -- and then we use an analogy in the book about seat belts. It's not unsafe at any speed. You know, we didn't outlaw cars, we made sure everyone wore a seatbelt. So, this is the same kind of thing, but ultimately, I think, as we say, this stream of revenue should go to the Fourth of State, which the social media companies are destroying.

MS. LAKSHMANAN: Well, the example you give of the French Election of Macron, is a good one, in the sense that there was an outfit called CrossCheck, which is a fact-checking media

organization that was working incredibly hard in the lead up to the French elections to make sure that what happened in the U.S. and in the U.K. with Brexit didn't happen in France.

MR. GARDELS: Right.

MS. LAKSHMANAN: And then later in Germany. So there were lessons learned. They were able to apply them in France and in Germany, I'm not sure whether with the scale of the elections we have, you say they can stop the spread of viral false info. They can't really stop it. They can create, as you say, some speed bumps, or maybe something akin to seat belts but they don't stop -- they're not removing content.

MR. GARDELS: No.

MS. LAKSHMANAN: First of all there's the question of they say, they don't want to remove content, but there's the other question of, they can't physically remove content, like false content as quickly as it's being created.

MR. GARDELS: Right.

MS. LAKSHMANAN: So, you know there are a lot of questions around that.

MR. GARDELS: Yes, yes. Okay.

MS. LAKSHMANAN: Before we turn to questions. Since it's the 70th Anniversary today of the Chinese Communist Party, I want to ask you guys about China. Is there anything that you -- you know, China is obviously widely viewed as a strategic competitor, do you -- you argue that the U.S. must find ways to partner with China to harness globalization.

But I want to ask you, how do you do that in light of issues like what's happening in Hong Kong right now, with the crackdown on protestors who want greater democracy under the "One-Country Two Systems" promise in 1997, which they feel is being violated.

What about the, you know, internment of Uyghurs, of Muslim men in masks camps? So, how do we square those two things? A lot of things that China does that are not in keeping with democracy and democratic systems, and yet wanting or needing to partner with them on things like climate change and other global problems. What's your solution?

MR. BERGGRUEN: I think, you know, if you think about the last 50 years or 70 years we've had in essence unipolar world led by the U.S. And when I say led by the U.S., in terms of culture,

capitalism has conquered the world, and it looked like the political system, meaning democracy was going to conquer the world.

It actually hasn't happened. The big exception is obviously China, and China is capitalist in nature, but politically and culturally very different than we are. But China has been very successful, and is a major power today, not just economically, but because of its size, because of its cohesion and culture it's a real place. And one that, if we want a world that's going to function and address major issues, like climate, security, health, trade, is a place that we need to engage with.

So saying, well, China doesn't fit our principles therefore we can't engage, or, they've got to change, is not a constructive solution. We may not agree with a lot of the things that happen in China, but who are we to change it? And so we --

MS. LAKSHMANAN: This is precisely my question to you. I was based in China for seven years, I was the Asia Bureau Chief for *The Boston Globe*, so I spent seven years living in China and covering China. That's exactly what I'm asking you. Given that on the one hand there are a lot of things that we don't want to learn from China, that we don't agree with, at the same time we need to partner with them on issues like climate change. So how do we do that in a way that is effective for the world for solving global issues, but is also not undermining of democracy and democratic principles that we espouse?

MR. GARDELS: I think you have to call China out on the Uyghur camps, on Hong Kong. We say in the book, "Take a stand, don't take sides, don't create a new Cold War but take a stand on those issues." But the larger context I think, maybe what you're asking, is that at least in my view, and we have a long section in the book on China based on several meetings with Xi Jinping and the leadership there over the -- over the years.

Conflict with China is as inexorable as cooperation is imperative, conflict mainly because, yes the Uyghurs, yes Hong Kong, but conflict mainly because of the race for technological dominance. Because information technology, especially AI, is not just another factor of production like machine tools, the flow of information, the control of expression is at the heart of the divergence between East and West, but there's no escaping that conflict. Cooperation, as you mentioned, because of climate change. So one thing that --

MS. LAKSHMANAN: Or Afghanistan, or so many other things that we've cooperated with China on.

MR. GARDELS: So what we -- what we argue for is given that reality, you know, the best way we can affect China is to get our own act together and show democracy can work by other and live -- we can have a governing consensus other than an illiberal means. But in the meantime what we call for is a partnership of rivals with China. You have to recognize this conflict, we call for a partnership of rivals, particularly on climate action.

If there's not some area of common intent around a converging interest like climate change or global warming, all else will dwell in the shadow of distrust and will break up into geopolitical blocks again, and worse.

The U.S. and China may well survive the decoupling of their economies from each other, but the world won't survive the decoupling of the climate face of the two largest emitters on the planet. So one thing that we're doing practically is we support a project that was announced last week at the U.N. with Former Governor Jerry Brown in California, and Xie Zhenhua the top Climate Official in China, to work together on climate issues.

In particular, to integrate the cap and trade markets that set a price on carbon. China's cap-and-trade system is modeled on California, there's a system also in Europe, and so the idea is to structurally, despite the deterioration of the relationship in other realms, to create a structural link on climate with China. In the book we refer to as a kind of a preemptive coal and steel community in Europe back in the in the '50s.

That was put together after the war so that the enemies could figure out how to cooperate by economically linking to each other. This is the kind of a preemptive thing, because we're moving into a period of conflict, and we need to have some link that's a common interest, or the whole thing will just fall to pieces, and we could even have war one day.

So, I think the way you practically have to do it, is create an area in which you can have a partnership of rivals, so all else is not just lost.

MS. LAKSHMANAN: Well, in a way what you're describing is what the Obama administration did in many different sectors over eight years. I mean China was obviously crucial to the

passage of the -- you know, the JPCOA, the Iran Deal.

MR. GARDELS: Right.

MS. LAKSHMANAN: Had China and Russia not been on board that deal would not have happened. It's obviously now been, you know, the U.S. participation in it has been eliminated by the Trump administration, and also as you say, with the Paris Climate Accord there was a lot of -- it was described certainly as arm-twisting by those who were involved, in getting China, and India, and others to come on board and abide by the Climate Agreement which we've now pulled out of.

MR. GARDELS: Yes.

MS. LAKSHMANAN: So, I guess I'm wondering, what would be different? The problem we have in this system is you can have a government for eight years that is cooperating with China on global issues, while at the same time having real differences over other issues.

And then you can have a change of party, and a change of President that then says, well, I'm going to pull out of those multilateral deals, and I don't want to cooperate with China. And by the way, you're a currency manipulator. I'm going to start a trade war. So, you know, how does this translate into what's actually happening in (crosstalk).

MR. GARDELS: Well, I guess what my point about the carbon markets is, Obama was right to do what he was doing, but these were specific agreements. If you structurally link the carbon markets, you structurally link the economy of decarbonization together, it's hard to break the links once you go down the road, especially if you get Europe involved. Europe also has a cap and trade system.

So, I think the best way is to find a structural link around a converging interest and then, like I said, the West has to take a stand on all these things, Hong Kong, and the Uyghur camps, and so on. But should not have the illusion, I should say, that China is going to change its behavior. In fact it can have, you know, the opposite effect.

It kind of fortifies China's sense of being under siege, and of the fear they have of color revolution and regime change. And I remember during the Obama administration, there was the first set of protests in Hong Kong, Xi Jinping also said to Obama, you know, you guys are fomenting this. And Obama says, we're not fomenting this, you know, people who want democracy. You know, we are not doing it.

But the Chinese leaders believe that that even if there's not a specific policy of regime change and trying to get rid of the party, that it's an expectation of the West that China will fail.

Bill Clinton even said, you know, China is on the wrong side of history. So, pressing China has to be done but no one should have the expectation that Chinese leaders are going to change because of outside pressure. I think the pressure that's going to change China are internal. I think we try to explain in the book is, the reason China has successfully -- has been successful so far, is it's not just repression, it's also responsive to its public.

In fact, we quote -- we quote John Keane, an Australian Scholar, saying that: the Chinese Party -- the Communist Party is so afraid of democracy that they end up acting like elected officials by responding to people's concerns so that they can maintain their legitimacy.

So their internal dynamics are going to force the Party. If the balance changes and there's more repression than there is responsiveness, then I think the Party is in trouble. But for now, it looks like it's going to go on for a long time, and it's not going to be changed by Western pressure.

So that's why I think these areas of convergent interests are critical to not letting everything just get out of hand.

MS. LAKSHMANAN: Well, there is a great 10-part series on China today, and exactly the issues that you're talking about, ongoing on PBS NewsHour, that we're partnered -- we're partners on that. So I encourage everyone who wants to dig deeper on China, I think it might be episode six tonight. But it's really good journalism detailing exactly the issues you're talking about.

I want to open it up to everyone here so we can get some questions in. And I think there's -- some microphones coming down. I saw this lady's arm first. If you can kindly identify yourself, tell us who you are and what organization you may be with, and keep your questions succinct as a question, not a statement. Thank you.

MS. PARLOW: Thank you much. Thank you so much for these remarkable presentations, and I bought the book and can't wait --

MS. LAKSHMANAN: Can you speak in to the mic, please, so we can hear you?

MS. PARLOW: -- can't wait to read it. So, my name is Anita Parlow. I was with the Harvard-MIT Arctic Fisheries Project. I was in China actually three months ago on China Arctic stuff, and

I've been working with a project with the Wilson Center, and recently up in Alaska with Savoonga, Port of Nome, and Reindeer Herders.

So, my question, you're talking about social contract and revising it, rethinking it is obviously the crucial question of the day. And it seems like my takeaway is political parties are weaker, from your comments, unions are weaker, governments a weaker, corporates of stronger, and robots are stronger. So, I guess what I wonder is, if you look at -- so how do we move -- how do we move to a next kind of step that moves outside of this process that we are in, that seems not very productive?

And I look at the Norwegian model. So I believe their Constitution says that nobody gets to own natural resources, and they were sovereign wealth funds that's right now the largest on earth, it's a billion -- a trillion dollars. And you look at their corporate structures which include stakeholders from communities, unions, et cetera, et cetera. In the conversations that you're having I wonder if there's a sort of a corporate dimension here to democratize corporate process so that decisions are not just made by shareholders, and in Corporate Boards.

MS. LAKSHMANAN: Thank you. Thank you.

MS. PARLOW: And I guess that would require some amount of change in the law to meet your social contract. Forgive my length. Thank you.

MR. BERGGRUEN: I think what we've talked about this pre-distribution is in that direction, but it's really sharing the ownership, sharing the wealth. Norway does it by sharing, sort of, the country's wealth, meaning oil. And you could argue that the new oil is data, and that's what this country has been, let's say, at the forefront of. Frankly, China is doing the same in their way, so --

MS. LAKSHMANAN: So, just repeat what you said, that the new oil, the new oil wealth is data. Okay, I just wanted to make sure everyone got that.

MR. BERGGRUEN: So IP is becoming more and more valuable, and the question is: who owns it? If you are a user, frankly you work for the networks, you work, you know if you're on Facebook you work for Facebook, in essence. And the question is, you get a benefit from it because Facebook is in essence a utility, but you don't own a piece of it. And the question is, should you own a piece of it, or should you get a dividend from it? The dividends are going to be frankly quite small, but the ownership is very valuable.

So, the question is, can you give everyone a participation in the wealth creation? The other question is who controls it? And there I think it's a little trickier because if you have the state control, or have a voice in how these businesses are run, you are at the danger of undermining the dynamism of these businesses.

I mean one of the things, for good or for bad that capitalism has produced is sort of creative disruption which, you know, means that you allow the new, and this country is more dynamic than others. China, frankly, has been very dynamic too, Europe the place where I come from is, I would argue, much less so. And state, meaning countries, have been much more involved in their capitalism.

So I would argue, keep market forces very alive, but share them as opposed to concentrate them.

MS. LAKSHMANAN: Okay. There was a lady here who had a question. A microphone is coming.

MS. LaPIN: My name is Deirdre LaPin. I've worked on this staff in International Development for the United Nations, and also as a Social Investment Manager for a major oil company. In my retirement, I'm now working in Southwest Virginia with a group of anthropologists trying to apply deliberative democracy, to the process of small towns visioning their futures.

This is a very pertinent discussion to our current interest. My question is, you're focusing very much on the citizens and the citizens' action, but one of the things that has become very apparent when we have our focus groups in these small towns is that people will come in and say, the big change we need is to throw out the entire Board of Supervisors. So the question is: what is the role of leaders?

We have a crisis of leadership in the world today, not just a crisis in democracy. What role can leaders play in this process that you are trying to envision yourselves?

MS. LAKSHMANAN: Good question.

MR. GARDELS: Well, if you have good leaders -- can you hear me? Is it on?

SPEAKER: Yes.

MR. GARDELS: If you have good leaders obviously that's a good thing. If you have bad leaders it's a bad thing. I think the main issue -- I don't think that -- look, leaders frame the issues for people. They frame of vision which people can inhabit, and that's important. But I think in this day and

age it emerges out of more citizen engagement, not irrespective or -- irrespective of citizen engagement, and based only upon the parliamentary mix or the party mix in a given legislature.

I think the citizen engagement is critical to -- well, to developing leadership and to developing vision, but particularly at the local level. So, I don't know, when people always say we need leadership is kind of -- I always say, well, duh, yeah we do. But how do you get the leadership? I think you get the leadership through engaging the public in this moment because the parties -- we even discuss a no -- post-party politics.

Parties are no longer the venue for aggregating -- or less and less I should say -- for aggregating collective preferences. You need other mechanisms to do that, and there can be leadership in those mechanisms, and not just in party politics. This is not exactly what you are asking, but what happens in elections, and we talk about this in the book, where we quote one scholar saying, "Elections create aristocracies."

Because the problem is that citizens are busy with work, and family, and whatever, the ordinary citizen, and so the people who dominate politics are the organized special interests who have the time and money to make things happen. So, you can call that leadership, but it's really just people pushing their -- like I was mentioning before, Uber and Lyft on one side, the unions on the other side.

So I think the citizen engagement is very critical, kind of the break that -- effect of the fetish of elections which are dominated by special interests and parties. So, I don't know if that that answers your question.

MR. BERGGRUEN: I mean, I'd like to add to it. I think what's more important, frankly, at the end, is the health of the (inaudible), meaning the body politic. Is it functioning? Is at the end government really at the service of citizens? And what has happened I think in many democracies, and also autocracies, is that the government is really a political instrument, no longer really at the service of citizens.

And, you know, the leadership and elections I think, unfortunately, have hijacked especially in democracies, political debate, in all the political space, I mean if you think of it, you had Obama twice, and now you have Trump. So, if things were that healthy would it have -- you know, would it have happened?

So, I think every -- and the debate here, especially spending time in the U.S., is everything's about, well who are the candidates for the elections coming up, and all that. I think it's too thin. If you think of countries, granted that are small, and you can criticize them that are reasonably well run for the average citizen. You could think of a couple, one a democracy, one an autocracy, Switzerland in Singapore, they really run for citizens. If you ask people in Switzerland: who is your President? Most people don't know. Actually it's a roving presidency.

In Singapore, you had a leader for a long period of time, but after that it's really a service organization more than a political instrument. So again they have been able to -- the two countries have been able to depoliticize their governance, not easy, but they have achieved it, and you have a much less -- you have a lot of citizen engagement in Switzerland, you have it in a totally different way at the local level in Singapore.

So you have a lot of citizen engagement, but you have a very depoliticized environment.

MS. LAKSHMANAN: All right. I'm going to take a couple of questions now, so we can get more folks in. This young man right here first, and I'll write down the notes, and then we'll keep going with a couple other questions. Yes, I'll come to you. Yes?

SPEAKER: Hi. Thank you very much for coming out here. I'm Eric Redburn with Alek. And my question is, in the wake of growing political apathy with a lot of citizens in America, how would you reconcile that with a need to connect them with policy? Thank you.

MS. LAKSHMANAN: So, you're asking about how would you connect citizens with policy so they're not apathetic?

SPEAKER: How do you combat the growing political apathy?

MS. LAKSHMANAN: How to combat political apathy. Okay. And there was a gentleman over here, excuse me. Thanks.

MR. SWEENEY: Hi. I'm Bill Sweeney, Past President of IFES, and now teaching at American University. And my question goes to your representative assemblies. Do you envision these all being in-person meetings? And if they're not in-person meetings, then how do you deal with the false news, the privacy issues, the bots, the whole mess on online meetings?

And that's a particularly important question if you're trying to engage people, particularly

people who are under 40, under 30, definitely in their 20s, as to how they engage socially and politically?

MS. LAKSHMANAN: Okay. And let's take one more, okay, with someone else I saw back here. Yes, this gentleman I saw first.

SPEAKER: Thank you. I'm Joel Sherman. I'm just a private citizen. I was interested in following up on your question, because it seemed to me that your point about citizen involvement was intended to mediate the potentially negative effects of direct democracy by getting more filters and more informed discussion. My question was who organizes these? And to the extent that it is a governmental entity, don't you run the same kind of issues of distrust that's led to the populism in the first place?

MS. LAKSHMANAN: Thank you. All right, so let's first take the young man's question about how to combat political apathy.

MR. GARDELS: Well, actually all three, all three questions are related I think.

MS. LAKSHMANAN: Sure, especially two and three.

MR. GARDELS: Yes. So, to answer the last one first, these are very technical issues, but I mean, the organizations that do these kind of things like in -- like in Ireland, and they do a lot in Australia, we have a deliberate polling in California, they go to great lengths to ensure that, you know, there's no active political parties, that there aren't -- the thing is not gamed, that the information is not skewed.

It's like if you go to a jury at a trial, your expectation is that it's going to be fair, because the rules that are set up. So, more or less it's the same -- the same process. I mean you we can talk about how to do that, but it's critical exactly what you say.

In fact, I was not long ago in Scotland, and they're going to have a citizen's assembly on whether they should have an independence referendum, depending on what happens with Brexit. And the concern there is exactly that it's already stacked for the independence side. So, I think the issue is critical but, I mean, there are technical ways that you do to make it -- it has to be fair and impartial, otherwise there's no legitimacy to it.

But it relates to these two questions, because citizen apathy is related to not having an impact, so one of the problems that comes up with deliberative polling is, okay that's what the public thinks. So what? If the legislature doesn't pay attention, or if it doesn't affect the ballot process then

people say, you know: why am I wasting my time?

So, it has to be linked, these deliberative bodies need to be linked to real power and real decisions. One of the reasons the Ireland thing worked, was it was requested by the Parliament. The Parliament didn't run it, the Parliament requested that it happened, and it was organized by one of these impartial groups with moderators, and so on.

So, if the public feels that it's going to have an impact, because in that case the Parliament had to consider what the Assembly has decided. So, like in California when we were thinking of these Citizens' Assemblies, one of the issues is, we don't just want to have people say that, you know, what their opinion is after being informed. We wanted to actually be in the process.

So we wanted to be integrated with the Secretary of State who puts it on the voters' ballot so that it goes front and center to the voters when they vote. So on the online -- and these also related about the impacts, so online there's a lot of experience, the CrowdLaw in New Jersey, the woman who's the digital -- Commissioner there, I can't think of her name right now.

But they do these CrowdLaw experiments, where they're online -- in Taiwan they do it a lot -- where you have online mediators, you have the same kind of random selection of people that you would have in a physical meeting, and information assured, and so on. And the Five Star Movement in Italy which is an online Internet party actually does the same thing.

They have, and people engage in it because they know that it's going to have an impact because they're linked to the government, to the parties in the government.

So in the Five Star Movement citizens, say you have an idea for a law, you propose it online, and the other online members vote whether it's a good idea, then it goes to experts to kind of sort out what the legislation might look like, or what the ideas might look like. And then it goes to the Parliament who draft it into law, and they come back to the citizen to be sure it's what they're looking for.

So, it's a whole process. There are many places around the world where people, especially the local level, are trying these types of things. But the apathy will be diminished to the extent people feel they're really having an effect. You just don't want to do an opinion poll, and they call you, you know, when you're having dinner and say: what do you think? You know, who cares?

MS. LAKSHMANAN: It's about deep engagement. We have one last question right here,

if this gentleman could have the mic. And we can make it quick, so we'll adhere to the time. Yes, sir.

MR. BARBER: Yes. I'm Ben Barber. I've worked for *The Washington Times* for a number of years, and for USAID, and for *Huffington Post*. And I now write for *News-Decoder*, which is a Paris-based wire service run by a bunch of *Reuters'* retirees.

And the question is this, is that I did an article a couple of weeks ago which pointed out that 20 -- 10 percent of the journalism jobs in this country would -- disappeared in the last 10 years. From about 70,000 down to about 50,000, and all the evidence is that it's going to continue to go downhill.

So, how can you inform the public if they don't want to read newspapers? And my kids don't read newspapers. And apparently the indication in this, you know, polling of journalism jobs, indicates that a lot of people are not reading the papers. So, how can you inform the public?

And then the other thing is to with the fake news. When you go online, everybody is citing to me, this and that information. I said, who said it? They don't know who said it, because it's just -- it was on the Internet. So how can you --

MS. LAKSHMANAN: I can take a stab at that.

MR. BARBER: Thank you.

MS. LAKSHMANAN: As the journalist on the panel. One thing is, the numbers are far worse than what you say in terms of newspaper jobs. This country has been hemorrhaging more than a thousand newspaper jobs a month. And there have been more losses in the newspaper industry than in fishing, mining, and other heavy industries combined.

We hear so much talk about the coal miners, and the steel workers, and the fishermen, it's terrible that they are losing their jobs, but newspaper people are losing jobs and an even a higher rate than those three combined. So, you know, yes, that's a definite problem, but I think all of these issues that we're talking about here are related.

So much of it has to do with trust. And with the advent of the Internet came the ability of anybody to sit in their basement, who hadn't actually been to Afghanistan, and write blogs about it as if they were there. Either copying other people's stuff, or just giving out opinions, which was not actually the same, as you well know, as a correspondent from *Reuters*, or a newspaper, or a legitimate television or a radio station from actually going there, and being a foreign correspondents.

I mean this is -- truly this is our mission of the Pulitzer Center, is to be able to enable and support, financially and editorially as needed, serious in-depth journalism around the world by news organizations who can no longer do it. And sadly that's not just small papers anymore, that's even massive, successful, legacy news organizations need support, because they just don't have the money. There are only a couple that are thriving with more subscribers lately.

So, I mean, I think that problem goes to, again, I think it's about not only making quality journalism, and trying to sort of drown out the bad stuff that's out there, I think we need the help of platforms, to shut down and turn off the tap. When stuff is coming out that says it's from the "Denver Informer", I'm just making that up, and people think oh that's a real news organization, but in fact it's not, it's a fake news mill. But it's getting spread on the Internet all sorts of the stuff that we saw.

I mean that's an entire conversation we could have about misinformation, where I could show you on a board the top five and ten fake news headlines of 2016, versus real news. And I can tell you that in the 2016 Election, the top 20 false headlines about the election outperformed the top 20 real news headlines from organizations like *The New York Times*, by 3.4 million more pieces of engagement about the false topics.

So, this is a bigger problem we have about people not understanding, and trusting what is legitimate, but it's not just a media thing it's institutions. There's been a decrease, and every study that you look at shows it, that it's not just the people trust media less, they trust government less, they trust business less, they trust, you know, almost every institution less.

So, if you guys want to jump in and say, what do you see as fixes, for rebuilding trust in critical institutions that underpin our democracies.

MR. GARDELS: I can't say I'm hopeful, but I'll say what might what my hope is. I think direct democracy is the close cousin of social media. Or put it the other way, direct democracy is the political corollary of peer-driven social media. So, just as you need deliberation in direct democracy and filters you need curation in peer-driven social media.

And my hope is, as I said before, I think a stream of revenue from the -- from the big tech companies to the fourth estate of mainstream press is important. But my hope is that there's a dialectic involved that will merge organically. At some point curation will be demanded or so necessary that new

forms of authoritative information will have to emerge. Because you simply can't have a democratic discourse when either everyone believes lies, or thinks everyone -- everything is an untruth.

So, I think at some point democracy destroys itself, or democracy has to restore both deliberation and both curation in the media. And I think that will emerge organically. I mean we have to think that -- we have to remember that we're in an early stage of information overload. We've gone from a period of gate-kept information to, you know, more than anybody can handle.

So it's not the end of the -- it's not the end of the story. And I think that curation will have to emerge, or our democracy won't work.

MS. LAKSHMANAN: Well that's a wonderful note to go out on. Please join me in thanking both Nathan Gardels and Nicolas Berggruen. (Applause) And I don't know if there copies of the book outside.

MR. GARDELS: They are outside, yeah.

MS. LAKSHMANAN: I believe there are copies of the book outside. And thank you so much for coming.

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