

# Silicon Valley's China Paradox



By Matt Sheehan

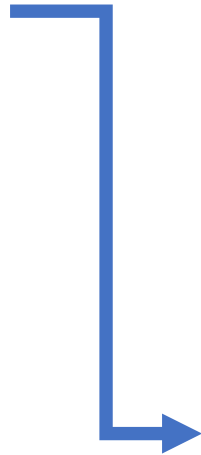
# What are these people doing?



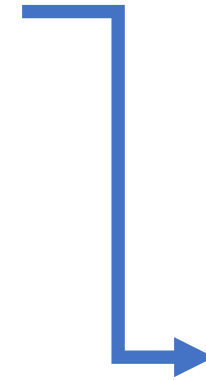
## And why do they represent a new paradigm in China-US tech?

# Phases in China-Silicon Valley Relationship

Dependence  
(1994– 2001)



Competition  
(2002-2013)



Segmentation  
&  
Synergy  
(2014-Present)

# Great Reversal: old questions

1. How will the global internet change China's authoritarian politics?
2. Can China thrive without access to Google?
3. Can Chinese companies innovate in an environment of censorship?

# Great Reversal: new questions

1. How will China's authoritarian politics change the global internet?
2. Can Google thrive without access to China?
3. Can U.S. companies keep up with Chinese innovation?

Fundamental question when dealing with an  
ethically unsavory government:

Messy Engagement or Moral High Ground?

# Dependence (1994-2001)



Money



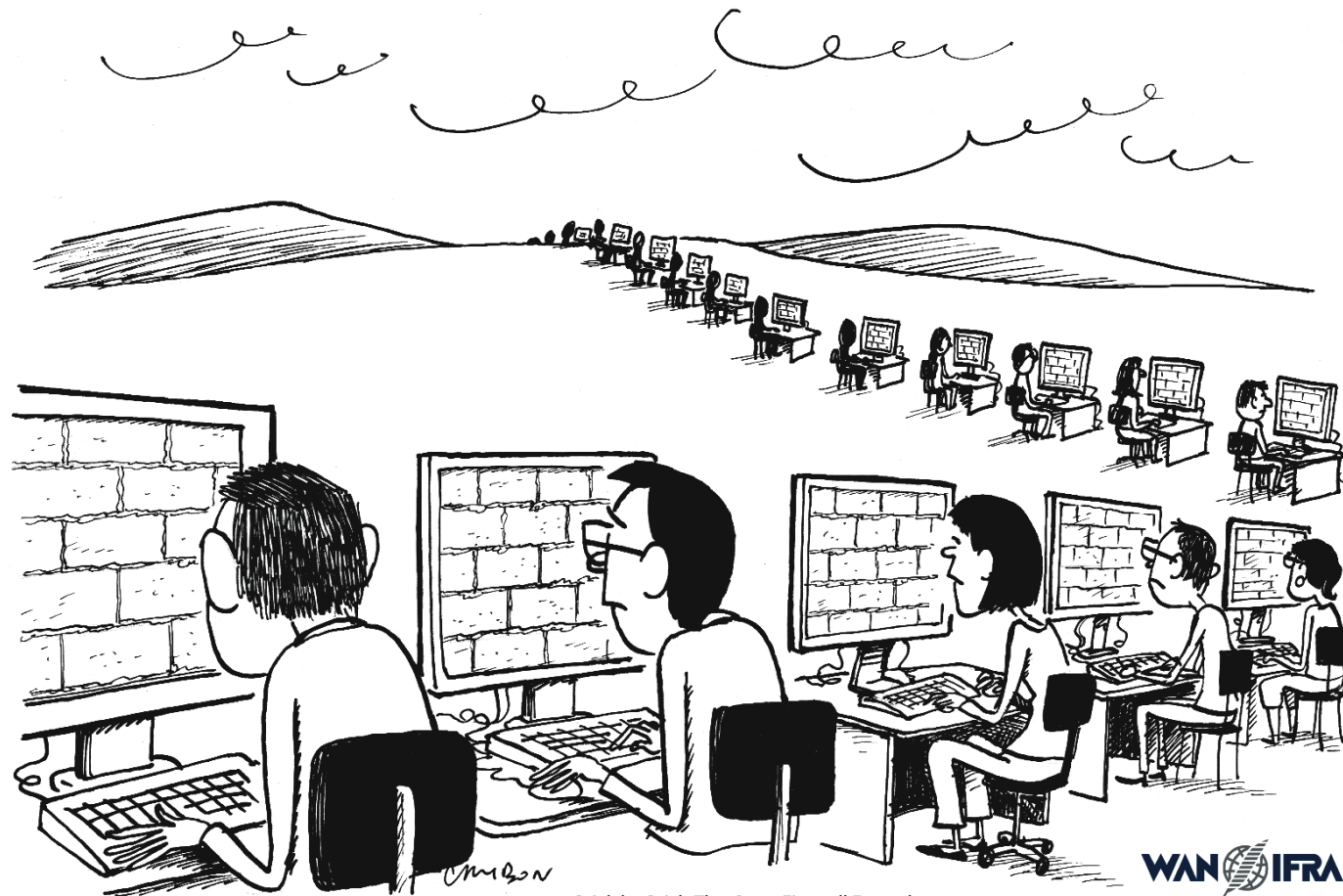
Talent



Ideas



# China's First Indigenous Internet Innovation: The Great Firewall



Brick by Brick, The Great Firewall Extends





# Bill Clinton, March 2000

*“We know how much the Internet has changed America, and we are already an open society. Imagine how much it could change China.*

*Now, there's no question China has been trying to crack down on the Internet -- good luck. That's sort of like trying to nail Jello to the wall.”*

# Competition (2002-2013)

ebay

vs.

  
**Alibaba** Group  
阿里巴巴集团

Google

vs.

**Bai**  **百度**

# Moral Dilemmas Mount



Shi Tao

YAHOO!

**VS.**

+



# Google's China Dilemma: "Don't be Evil" vs. Don't Operate Here

*"We concluded that although we weren't wild about the restrictions, it was even worse to not try to serve those users at all. We actually did an evil scale and decided not to serve at all was worse evil."*

*– CEO Eric Schmidt, 2006*

# Turning Point: Google Exits China, 2010





# Train Crash + Chinese Social Media =



leeroy\_4uo: 当一个国家烂到打个雷就能让火车追尾、过个车就能让大桥垮塌、喝几包奶粉就能肾结石的地步，我们每一个人都无法再置身事外。今天的中国，就是一列在雷雨中行驶的动车，你我不是看客，你我都是乘客。

When a country is corrupt to the point that a single lightning strike can cause a train crash, the passing of a truck can collapse a bridge, and drinking a few bags of milk powder can cause kidney stones, none of us are exempted. China today is a train traveling through a lightning storm. None of us are spectators; all of us are passengers.



... Crackdown on Weibo, “China’s Twitter”



# People are still asking:

1. How will the global internet change China's authoritarian politics?
2. Can China thrive without access to Google?
3. Can Chinese companies innovate in an environment of censorship?



# Instead of Withering, China's Internet Ecosystem Booms



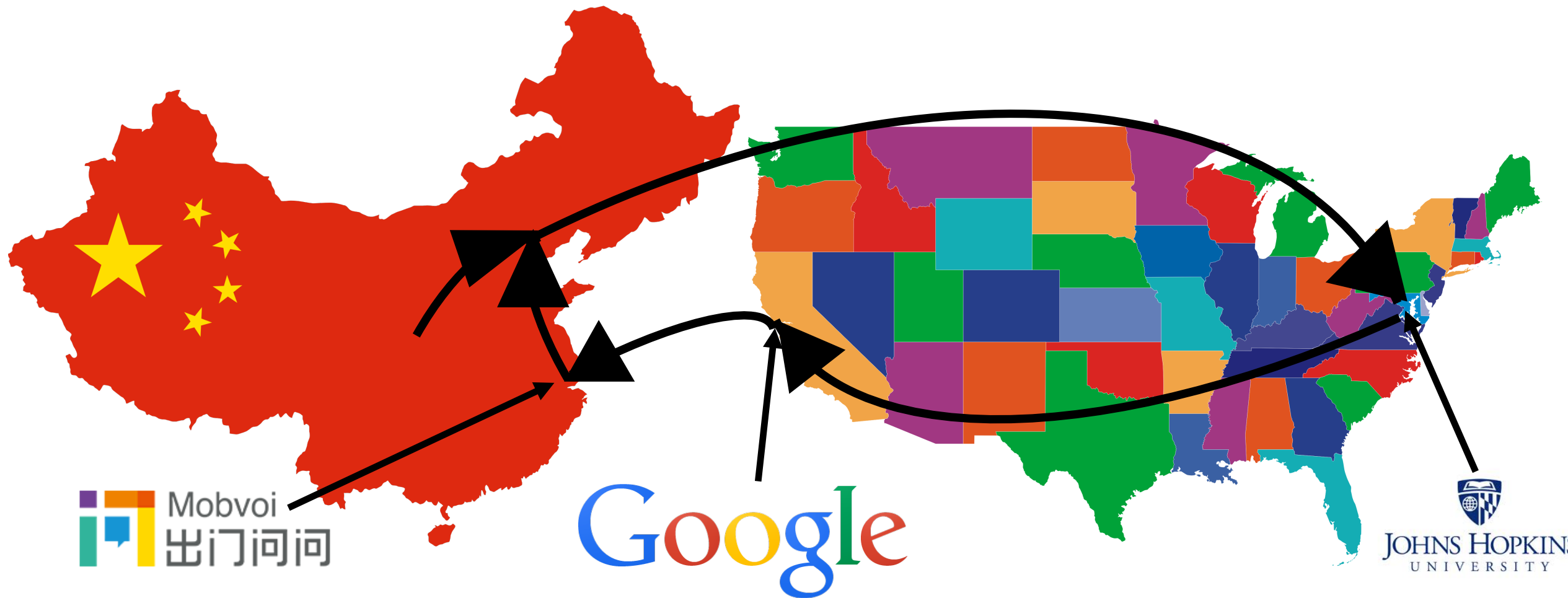
2013-14 Kicks Off a Golden Age of Chinese Innovation



# Li Zhifei and the New Paradigm



# Zhifei's Journey







“Chinese Siri” for Android

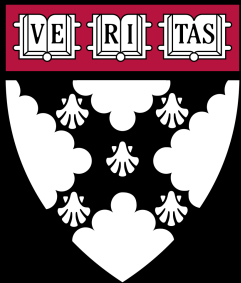
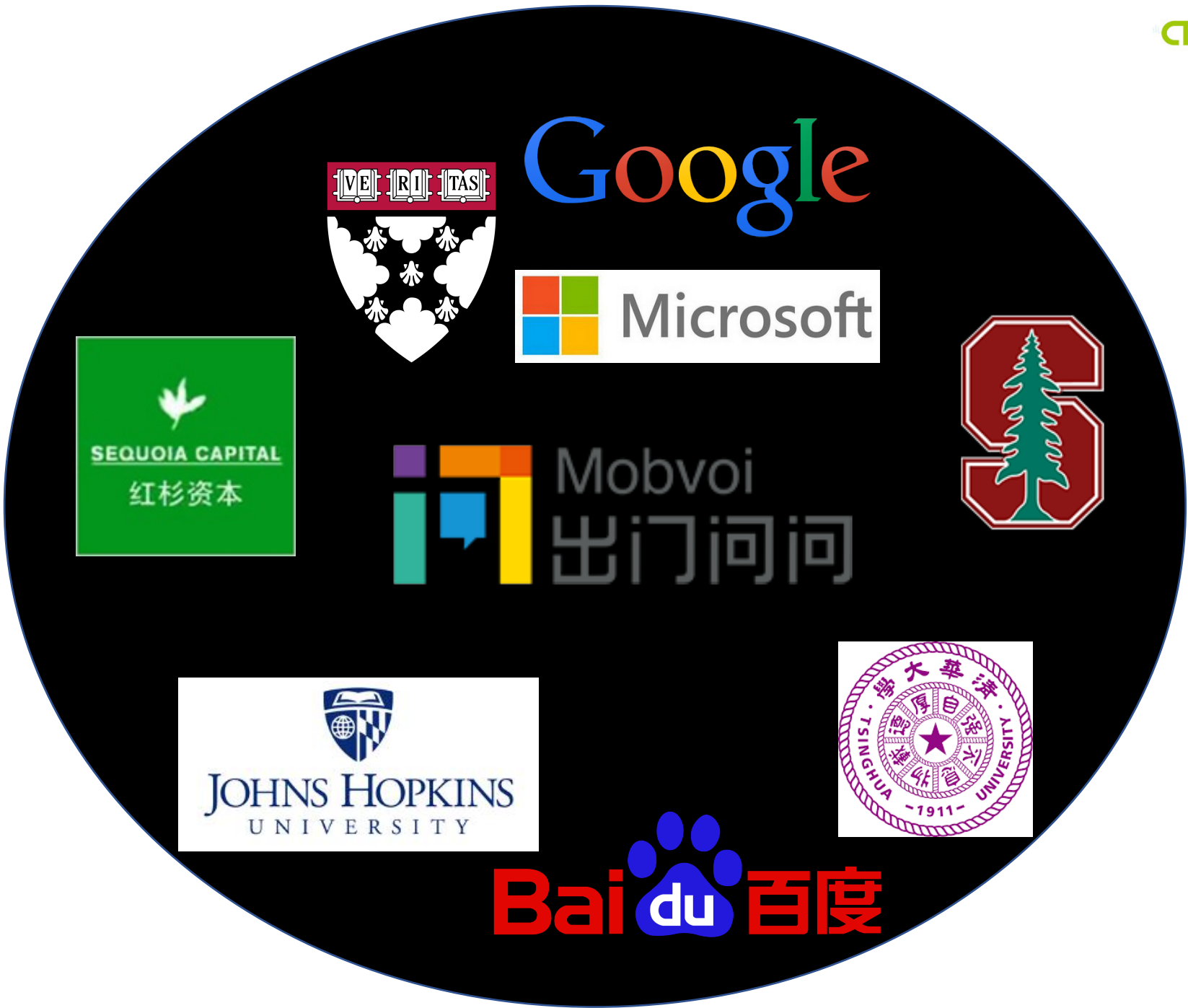
A task made much easier by the fact that services from Google, Zhifei’s former employer, are blocked...

# Mobvoi's Smartwatch Hackathon



android wear

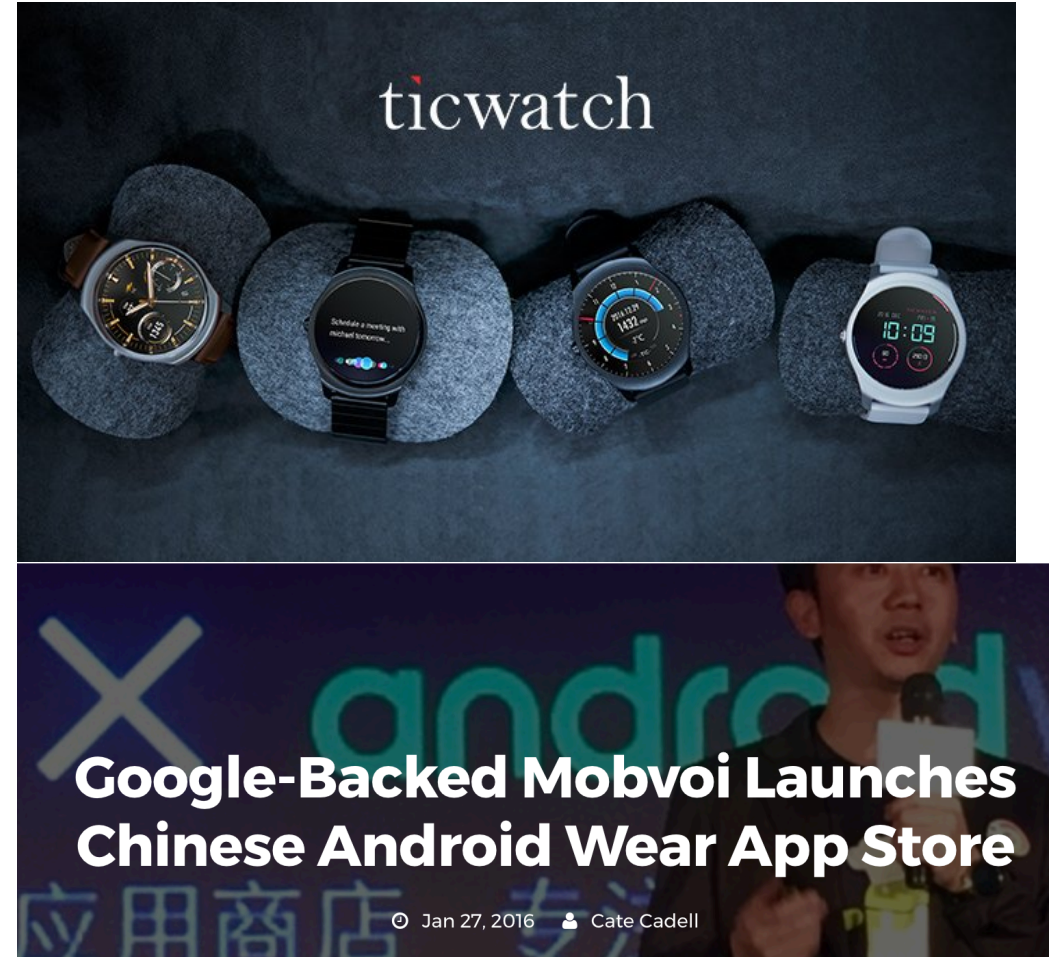
celularactual.com



Google



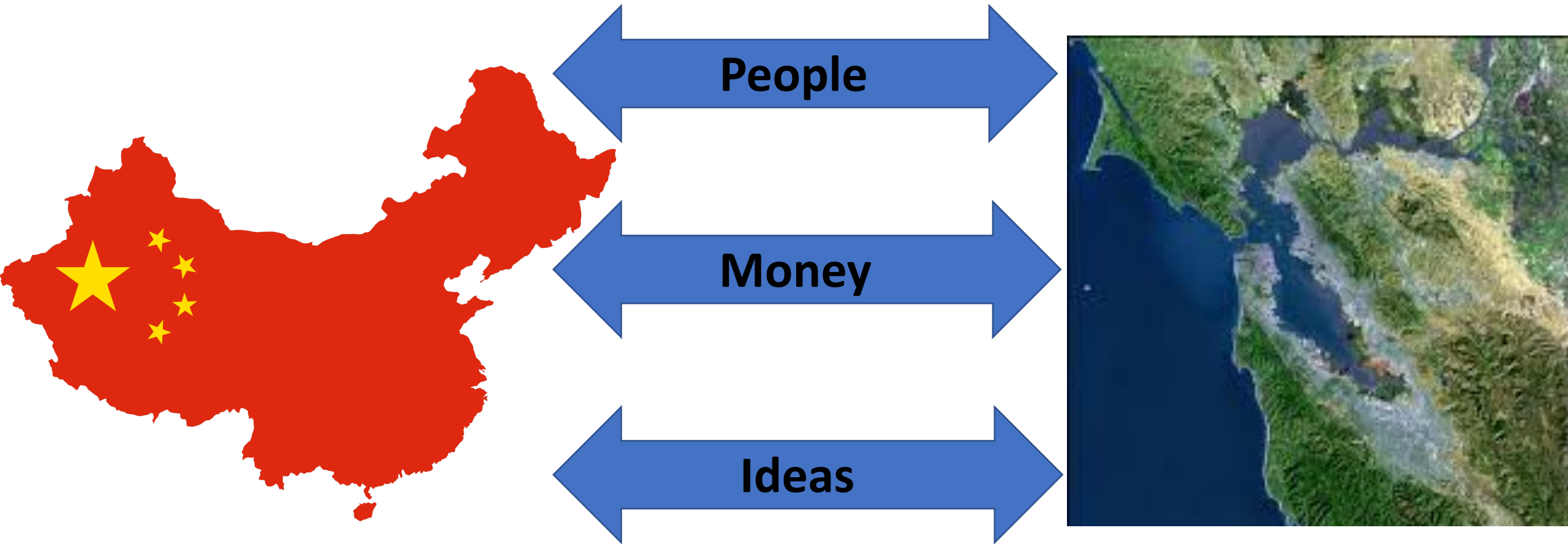




# Google Invests in Chinese Search-and-Smartwatch Startup

Tens of millions of dollars poured into Mobvoi Inc. indicates renewed interest in Chinese market

# The New Paradigm

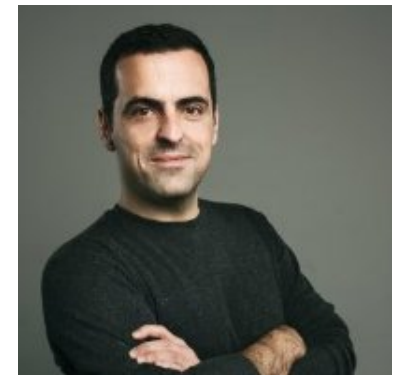




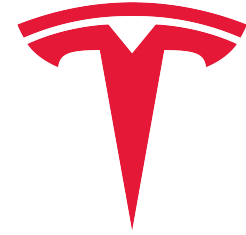
# But... Companies Can't Make the Leap



# People



# Money



TESLA



# The Paradox of the New Paradigm

*While trans-Pacific flows of people, money and ideas have never been greater, technology companies and the Internet itself remain starkly divided by national boundaries.*

# Zuckerberg's Chinese Dream





# Language, Lu Wei, Smog Jog and Censorship



Q SEARCH

The New York Times

TECHNOLOGY

## Facebook Said to Create Censorship Tool to Get Back Into China


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By MIKE ISAAC NOV. 22, 2016



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**But Facebook remains blocked and Silicon Valley's China paradox is as thorny as ever.**

# Questions for students to discuss:

1. Does a country have a right to regulate its own internet? To block websites? To censor “fake news”?
2. Messy Engagement vs. Moral High Ground
  1. aka What Should Zuckerberg do?
  2. Expanding connectivity or re-enforcing censorship?



# Thanks for Listening

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