CHATHAM HOUSE

The Royal Institute of
International Affairs

A Free and Open Internet: Threats and Opportunities in 2015

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13 February 2015

Patricia Lewis

Welcome, everybody, on this Friday the 13th. I thank you very much for coming. My name is Patricia Lewis. I'm the research director here for International Security. It's my great pleasure to host Carl Bildt, who is the chair of the Global Commission on Internet Governance, former prime minister of Sweden and former minister of foreign affairs of Sweden.

He's going to be talking today about a free and open internet: threats and opportunities this year and for the future. What we're going to do is we're going to run this as a conversation piece to begin the conversation, and then we're going to turn to all of you in the audience and get you to participate in the conversation. I'm just going to get it going.

Before we start, can I ask you please to turn off your mobile phones or turn them onto silent? They always go off at the worst possible moment, and also if you're going to tweet, could you use the hashtag #CHevents? We'd also appreciate it if you did an @ourinternet, which is the Global Commission handle.

I don't think that Carl needs a great deal of introduction to people in this room. As I said, he's been both prime minister and foreign minister of Sweden. He has been a champion of digital technologies, using digital technologies to communicate issues of foreign policy and one of the stories that goes around, I don't know if it's true Carl, is that an email exchange between you and President Clinton in 1994 was one of the first, or was the first between heads of state.

Carl Bildt

We've now ended up at a museum for that, which I find slightly disturbing.

Patricia Lewis

So we have a living museum exhibit in front of us.

Carl Bildt

Thank you.

Patricia Lewis

We're very grateful that you've come out of the museum to talk to us.

Carl Bildt

Don't carry this too far.

Patricia Lewis

The internet archive has a lot to answer for. So Carl, let's imagine for a minute that you have just met someone who's woken up from a coma that they'd been in for over 50 years.

How would you explain to them what the internet is, what it does, and why it's so important?

Carl Bildt

I don't know. But I sometimes have the reverse problem, with some of my younger children, the younger generation, they live with the internet. I once tried to explain to one of them that there was a world before internet – and it took some time – when these things did not happen. They knew that, they said, because they had read in school about the Stone Age.

But anything sort of in between, for them it was inconceivable that there could have been a recent world in which we could not do all of the things that they are doing on a daily basis, much more than we are doing, because they are living with it. I think your question can also be sort of somewhat rephrased and enlarged and say, jump 50 years ahead in time and wake someone up from now or from then. How would things be then?

I think that's my thesis. I'm at the museum, I said, for what happened not that long ago, but 50 years from now, it is beyond our comprehension what will be the impact. The internet or whatever it's going to be is going to be nowhere because it's going to be everywhere. If things don't go completely haywire with the world – which could happen, by the way – it's going to be integrated in everything.

Today we see internet primarily, or have been seeing it primarily as a means of communication between persons, email and whatever. We are now rapidly moving into what is called the internet of things and the internet of everything. It will be by far the most important infrastructure that we ever see. It is going to be the [indiscernible]. It is the railways; it is the steam engine; it is the telegraph; it is everything taken together multiplied by a couple of factors. It is of vast significance.

Patricia Lewis

And yet there are people who don't have access to the internet. I just wonder if you could maybe talk a little bit about how we can ensure that there is internet access for all those that want it. How do we help people, for example, in rural communities and developing countries, people with disabilities who often have trouble with accessing the internet? How do we create a much more level playing field?

Carl Bildt

I'm somewhat unconventional. I think this is one of the least problems that we have, because the development of technology is now so fast, particularly when the internet is going mobile. I mean, the internet is still, a lot of people associate it with wires, you plug into the wall or whatever you do. That's got to be gone. I mean, take younger people. They don't have telephones. Or when you talk to them about telephones, they have cell phones. Fixed lines disappear for them as a means of communication.

If you look at the statistics that are there, they're there now. By 2020, we're going to have 90 per cent of the world covered by mobile networks with a bandwidth better than we

have in most of Europe today. Smart phones are today fairly expensive, but prices are coming down. We see the new generation of Chinese, things coming in India, things like that. That's going to proliferate. So you can rest assured that in five, six, seven, eight years, I'm quite certain that virtually everyone under the age of 10 in the world, or 15 say, will have a smart phone like device connected to the net, and connected to the net with fairly reasonable band capability.

Patricia Lewis

And parents will be outsourcing to their children to do a lot of their work.

Carl Bildt

So far as they understand what the children are doing. We talk about the great divide – the great digital divide in the world is going to be between the generations. Parents will not understand. That's already the case, by the way. Parents don't understand what their children are doing and they don't understand the world in which they are living. Sometimes parents are scared of it. Sometimes rightly so, by the way, but mostly not.

Patricia Lewis

What are the big threats to the internet? We're talking about the threats and the opportunities, but where do you see the problems now and also for the foreseeable future?

Carl Bildt

There are quite a number of those, and what we are dealing with in our commission is a lot of the sort of, primarily the global governance issues associated with this, but also other issues. The net started of course in the US and I understand that President Putin thinks it was started by the CIA. Probably… It was essentially, I would say, it's essentially a product of a generation of nerds who were dedicated to the technology and had a vision for this technology driving things and then later on, others took off. Be that the states or be that business or whatever.

It means that the governance structures of this has been developed from that point of view. It's a multi-stakeholder approach and there are technical communities and business communities. It's a rather complicated system. But it's been extraordinarily successful in that it has allowed an extremely dynamic development of this particular net, but that scares some people.

As you know, there are regimes, states who don't particularly like what they are seeing in terms of the freedom and the dynamic nature of it. They try to control it. They say that all previous infrastructures, global infrastructures have been controlled by international conventions and blah, blah, blah. That's one of the dangers.

We then have the dangers that people don't really trust in it. There could be surveillance or there could be the security or there could be whatever sovereignty issues associated with it.

Patricia Lewis

Should people be worried about that?

Carl Bildt

Then you go into fragmentation of the net. Well, I mean you should be, we should be concerned by all of these things and then try to develop the structures of governance of the net so that we preserve the open, free and dynamic net that is going to [indiscernible] and will even be even more one of the most dynamic factors of global development in virtually every single respect.

I mean, look what's now going to happen in business – second machine age is the sort of the headline that everyone is talking about at the moment. That's driven by the net. That's going to transform our economies. Either you're part of that development, or you're not part of that development. Everyone has an interest in preserving this dynamic, open net that we have at the moment.

Patricia Lewis

You mention again about fragmentation and what that is and how you see it and some of the problems with it, but also perhaps some of the potential benefits with different ideas maybe flourishing in different areas. Is it all bad fragmentation?

Carl Bildt

It depends on what you mean by it. Of course, there's always an element of fragmentation in the sense that this is a dynamic thing. There are entrepreneurs who are doing things that no one has done before and then they're ahead of the game.

Patricia Lewis

And they're often local.

Carl Bildt

Well, everything is local. Not only politics is local, but all development is local. Someone starts somewhere. Then they can rapidly go global enormously fast in certain cases. In that sense, of course, the dynamic nature, there's an element of fragmentation in that. But the fear, when we talk about the dangers of fragmentation, is a more sort of politically driven one, that we have say in China. Take one not entirely minor actor, who says, 'We want to control it.' They do want to control it, as we know, and then sort of breaks away from the route server systems and establishes their own system.

Of course, if you are sufficiently big – China – you can operate a tremendously interesting system on your own, but you miss the global component of it and it means being part of this global development that we see in economic or intellectual or whatever terms.

Patricia Lewis

And we would miss China. The rest of the world would miss China.

Carl Bildt

But it's not only China. We've seen this after the Snowden debate. We had the tendency in certain European countries to say that we should have made certain that our data is located in our own countries. That is also, I think, when you look at it, is dangerous. We are dependent upon the free flow of data, particularly in the Atlantic world. If we want to talk about the [indiscernible] of Asia, which is a real thing, needless to say, but it's still the Atlantic world that is the dominant world in the data world.

That data flows across the Atlantic are enormous and increasing very fast. Digital services of different sorts drive not only financial but others are driving the economy. If you then have the gated approaches to how we locate the data, of course there's an economic price to be paid for that and we miss out in terms of development and growth opportunities, and also make our society less dynamic than it would otherwise be.

Patricia Lewis

Can we prevent that fragmentation? Is it something where you can have pockets with bridges across? Is it a real split and we'll end up having lots of different types of internets and people struggling between them?

Carl Bildt

There's a risk, if it is carried too far, I think it is a real risk. I think it's real primarily for us, whoever 'us' are, who are in favour of the open societies and open global economy and trading system and all of those things, because here clearly the open and dynamic nature of the net is enormously important.

Can we prevent it? Yes, we need to make certain that everyone feels that they have an interest in it. In large parts of the world, they feel that [indiscernible] with some irony, whereas Putin was saying it was all invented by the CIA. But you can go around the world and find versions of that, or the feeling that this is an element of American dominance and of course it is true that if you take the major global corporations that are successful, there happen to be slightly more American than European, it has to be said.

Accordingly, it is important that we have the governors and the structures and the principles of the net accepted throughout the world. If it is not, then one way or another, sooner or later it's going to break apart. That's going to be to the detriment, I would say, of everyone.

Patricia Lewis

So the role of the private sector is really important in this, and that's going to be true in terms of the role of business in China, for example, and in Russia as well.

Carl Bildt

The private sector is tremendously important because a lot of the development has been driven by the private sector. You can argue to which extent there's been government involvement in the beginning, but essentially I would say nearly all of it has been driven by the private sector.

I mean, look at if I take sort of my small part of the world. The innovators that you see there, I mean the guys who set up Skype which was not that long ago. I forgot the figure, but I think they carry 40 to 50 per cent of global video calls by now in a technology they created 15 years ago or something like that. Whatever, so fairly recently.

Or to take another example from back home, [indiscernible] is a rather strange character who created this game called Minecraft and that was created, whatever that could be created, talking about two, three, four, five years ago at the most. That was recently sold to Microsoft for a sum that was 50 per cent larger than one of the number one industries of Sweden, Volvo Cars, was sold for. That was a company that I think employed less than 10 people and was less than five years of age.

Then you see these examples of entrepreneurs, private individuals and even if you take these giants, the Googles and the Amazons and the Facebooks, what are they… I think they have an average age of 22 years, if I remember that right.

Patricia Lewis

My daughter's age.

Carl Bildt

Yeah. And what has she done in life?

Patricia Lewis

Quite a lot, but it's not about her! We've talked about the threats to the internet and some of those will come up again, but is the internet a threat itself? What about cyber warfare? People talk a lot about cyber attacks, cyber security, you mentioned the issue of trust, but we've had all sorts of leakage of data. What about actual attacks on real life things? We've seen some of those recently. What do we have to fear from the internet?

Carl Bildt

We have to safeguard the security and the reliability of this, because our societies are becoming so enormously dependent upon them. That's both [indiscernible] responsibility, what we do ourselves in our daily life, and the national critical infrastructures that need to be safeguarded, individual business, the finance system to take that as an example. But also the global infrastructure we are dependent upon.

We are dependent upon the satellites up in space. We are dependent upon the fibre cables across the bottom of the ocean, and there's a lot of redundancy, it has to be said, and it's in the nature of the things of course that the information goes, you break it up in pieces

and it goes in all sorts of strange ways. So there's a lot of redundancy in the system, it has to be said, but we need to think about these things.

Patricia Lewis

We've seen attacks on energy infrastructure, logistics for traffic control, etc.

Carl Bildt

You have a range, starting from cyber criminality… I mean, this classic thing of robbing banks by having a machine gun and going in has gone slightly out of fashion. There are other ways of robbing banks at the moment, which are far more discreet, far less bloody and far more profitable.

Patricia Lewis

And often unreported.

Carl Bildt

And often unreported, absolutely. But cyber criminality in all sorts of ways, we have from the Commission, we do research papers and things like that which we published and there's a paper that will be out there on the dark web and the deep web. The things that are going on in the deep web and even more in the dark web is really a sort of serious criminality. Serious criminality that is virtually unknown.

So that's one aspect. Then you have hackers of different sorts, for the fun of it or for political purpose want to break into systems. You have what I call cyber riots that could be organized. What was done towards Estonia in 2007, I think that was to a large extent a cyber riot, a state that sort of encouraged, said, 'These are the things that you can do.'

Patricia Lewis

So denial of service attacks.

Carl Bildt

Yeah, whatever. There were sufficient numbers of hackers and whatever, nasty guys around, who could organize a riot all over the place. There were other elements of it. Then you can go to states doing attacks. You can do state against state. That was the first known case, that was a Rubicon. Then we have of course the novelty that is very much discussed today, is states versus private companies. That is North Korea, allegedly, against Sony.

I think the Americans, or the US administration reacted so strongly against that one is less, I hope, because they consider Sony to be a critical element of United States infrastructure – might be, I don't know – but more than they saw something new happening. I mean, if states can start to attack private companies or things like that, then we are in dangerous territory.

Patricia Lewis

And this is a risk we're probably going to have to factor into our calculations about security generally.

Carl Bildt

We certainly will.

Patricia Lewis

It becomes in ordinary warfare then part of the range of tools in more conventional warfare.

Carl Bildt

It's already the case. Of course, every sort of conflict will have a cyber dimension. Part of that is already there in terms of what we call sort of electronic warfare, you jam and disturb systems and you insert things into the systems of the others in order to blind them or confuse them or whatever.

While we consider it fairly natural that this is done within tactical military operations, I think every sort of military force of any significance has been, or intends to do this, is planning to do that, but you can also take that up to the somewhat higher level and do it against the societies and economies as part of a conflict.

One thing I think we needed to be aware of when we talk about the risk is that there's a lot of discussion of the privacy. We don't want people to look at the data or things like that. I'm even more, I would say, concerned with the integrity of the data. It is extremely serious if you go in and adjust. You can do far more damage by adjusting the data than stealing the data or deleting it.

Patricia Lewis

So it's deception.

Carl Bildt

It is deception and you can do that…

Patricia Lewis

And you might not realize it until too late that the data has been altered and changed.

Carl Bildt

No, militarily you go into the air defence system of a particular country and you take away the blips caused by [indiscernible] coming aircraft and some other blips. Then you have them shoot the missiles into nothing. That's sort of… But you can do that in the financial systems. You can do it in energy systems. Don't forget that we would also be living in

connected homes. We'll be driving connected cars. Everything is potentially vulnerable but everything is also… We can also defend everything but we need to do it and we need to be aware of these particular risks. I'm not saying that we are heading for cyber Armageddon. We are not, but we need to be aware of the critical importance of these issues.

Patricia Lewis

Before I open up the floor, tell us a little bit about the Commission – why it was set up, what it's doing, what you hope to achieve with it, as you're the chair of it.

Carl Bildt

The Commission was set up, I think discussions started as a matter of fact two years ago, I think it was. It was set up last spring and we aimed and we've had a couple of meetings, three to be precise and we're having our fourth now in London. The aim was to bring together people from very different experiences, from very different parts of the world, in order to address some of these issues and see if we can give some coherence to some ideas that will be of significance.

We intend to be ready with our work by the spring of 2016. We are cooperating quite closely with the OECD. We're planning a big ministerial meeting on these particular issues in the late spring of that particular year.

Patricia Lewis

And there are many other meetings over this year to do with the transition and…

Carl Bildt

We've been to Stockholm of all places, but it's a nice place. We were in Seoul in Korea, which is an interesting place. It is probably the most networked society anywhere in the world, and you are impressed when you see the IT cyber entrepreneurs coming out of Korea. I think we're going to hear much more about those on the global level in the years ahead.

There we discuss quite a lot the fragmentation issues and some of the transition issues, going into the details of that, or the politics as you mentioned by the way. Then we were in Ottawa in Canada with the transition issues, and now we are here. We're going to deal quite a lot with the surveillance, freedom and human rights issues. Then we're going to meet in The Hague and we're heading to South Africa. We're heading to India and some other places.

Patricia Lewis

So the idea really is to get a really big sense of what's happening in the world and what's happening with the governance transitions in terms of the way the internet is run, right at the sort of nuts and bolts end, as well as at the big political end, as well as within the private sector.

Carl Bildt

We have one particular issue that is both of no significance whatsoever and of enormous significance. That is what I call the transition issue. The net was set up in the US and there is... Shouldn't go into the details of the governance structures and domain name or whatever, and there's one residual function of the US government in it, which has never been really exercised to any way which has any significance, but is there as a backstop research function, whatever, if everything should go belly up.

That's probably the importance of it, but as I said, has never really been of any significance. But it is of tremendous political significance, because for quite a number of countries around the world, there's the suspicion that in some sort of way, the Americans are running the entire thing anyhow. Accordingly, what has been happening is that the US government has now said that they're ready to do a transition of this particular function to something else.

Now that something else is not entirely defined. I say it's a reserve backstop option which has never been exercised, but in theory, it should be there. But to set up such a thing is not entirely easy to do and I shouldn't go into the details of the way it can be done. I don't consider those to be particularly important, but I think it's enormously important that it's done.

If it's not done, I fear that there will be the raise of these sentiments around the world, that we'll have to take over and take it in the United Nations or take it into some sort of other structure that will be to the detriment of the dynamic and free and open nature of the net.

Patricia Lewis

Because at the heart of the issue is the issue of trust and ownership.

Carl Bildt

Trust and ownership, particularly trust. And everyone must trust the system. You and I and individuals. We're in the surveillance issue to a certain extent, but also the different political cultures in countries around the world. We must have a system which I think we can be certain that the system is not captured by anyone. We should have a system that guarantees that the net cannot be captured by big states, cannot be captured by big business, cannot be captured by any other more or less parochial or limited interest.

That's fairly complicated for governance structures and somewhat different from what we had, but to have a system which makes it impossible for any single interest to capture control is very important.

Patricia Lewis

So very much a dynamic equilibrium, I think, with what we've been talking about.

Carl Bildt

Yes, and the underlying technology [indiscernible] still applies. So it's an exponential growth of everything, of computing capabilities, of storage capabilities, of transmission capabilities. It's mind boggling, these implications.

Carl Bildt