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EUROPE OFFERS A THIRD WAY IN THE TECHNOLOGICAL TRANSFORMATION

Carme Colomina, Research Fellow, CIDOB. @carmecolomina.

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The digital world is branching in two directions: techno-authoritarianism – as Chinese technology firms increase their presence in Europe; and a network of private US corporations deploying a business model that is also based on total surveillance. This slow-motion splintering of the internet has accelerated during the pandemic.

From its position of vulnerability, the EU is emerging as a third way in the technological transformation, as it pledges to develop systemic rules for global digital governance. Brussels believes that this process of digital self-determination is essential to protect its model and the ethical principles of technological development.

But, can it lead on regulation without leading on innovation? Regulation alone cannot guarantee European technological independence. The EU must also invest in infrastructure to avoid the digital divide that is growing by the day from widening even more

At the end of March 2020, a Russian army convoy arrived in the Italian region of Lombardy to deliver medical supplies and personnel to help contain the virus in the epicentre of Europe's COVID-19 outbreak. The images went around the world. The first stages of the new geopolitics of the pandemic were underway, and the European Union watched on in astonishment as its vulnerability increased even further. Overwhelmed by the health emergency, the EU's complete loss of control of the pandemic narrative was also notable, as case numbers and information overexposure spiralled.

Large visible stickers on the Russian military aircraft landing in Rome and the army supply trucks that crossed the Austrian border featured the Italian and Russian flags intertwined in a heart-shape and the message "From Russia with Love" in giant letters. But this was more than just a major propaganda triumph for the Kremlin. It also laid bare the internal complexity of a European Union divided by the outbreak of the virus and overwhelmed by the new reality. This time the tale of EU weakness was not only magnified by the Russian disinformation machine – the headlines and images were real, albeit strategically amplified.

The global battle to control the narrative of the pandemic, which was presented as a clash of geopolitical models, benefitted from the acceleration of connectivity and technological development to

enter a new phase of sophistication and expansion. The uncertainty around the spread of the disease also enabled **new agents** of disruption, technological surveillance and online piracy to emerge: Turkey, Iran, the United Arab Emirates and the Philippines all use digital power to persecute opponents, both inside and outside their borders.

The “dramatic decline in global internet freedom” has also intensified. According to the latest Freedom House report (“**The Pandemic’s Digital Shadow**”), internet users have experienced a general deterioration of their rights for the tenth successive year, contributing to the broader crisis democracy is facing around the world.

If anything characterised the original idea of a global digital space, it was the weakening of the principle of territoriality as it was superseded by diffuse, decentralised and hyper-connected spaces. However, nothing could be further from the current situation. The internet has become an ever-more fragmented territory, and not only because of the clashes between

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narratives and the compartmentalisation of online debate into silos of conflicting visions and purported truths. The digital world is branching in two directions: digital authoritarianism (or techno-authoritarianism), as Chinese technology firms increase their presence in Europe; and a network of private US corporations deploying a business model that is also based on total surveillance (the “**surveillance capitalism**” denounced by Shoshana Zuboff). The two models share a single goal: to control data.

In turn, the uncertainties caused by the pandemic also ushered in a “**feast of [technological] solutionism**”, as described by Evgeny Morozov, which revealed the vast extent to which democracies depended on the private power of technological platforms to generate a sense of certainty among the public at the most pressing points of COVID-19. And yet, the need to regulate the digital acceleration became one of the obvious consequences of a crisis that tested the weakness of governments and institutions and widened inequalities and power imbalances.

The EU’s regulatory arsenal

In this context, the pandemic-induced acceleration also reinforced the European Union’s regulatory response. With the European promise to develop systemic rules for global digital governance, Brussels is seeking to emerge from its position of vulnerability to offer a third way in the technological transformation.

During her speech at the Davos World Economic Forum in January 2021, the President of the European Commission, Ursula von der Leyen, invited the United States to join the efforts to draft a new joint regulatory framework for the digital economy. “The business model of online platforms has an impact – and not only on free and fair competition, but also on our democracies, our security and on the quality of our information”, said the head of the European executive. Von der Leyen thus **urged the new US administration** – still in shock following the assault on the Capitol on January 6th 2021 – to coordinate a response to “contain the immense power of the big digital companies” that ranged from “data protection and privacy to the security of critical infrastructure”.

Thus, the idea of “digital sovereignty” fully entered the European narrative. For von der Leyen, “technological sovereignty” means the European Union’s ability to make its own decisions, based on its values and respecting its own rules. This is a forward step in the development of the European leadership of internet governance, but it is not a new concept. Some years ago, China developed its own idea of “cyber sovereignty” to frame its model of centralising technological power.

According to Freedom House, during the pandemic the “slow-motion ‘splintering’ of the internet [became] an all-out race toward ‘cyber sovereignty,’ with each government imposing its own internet regulations” in ways that restrict the flow of information and limit the rights of users.

Brussels believes that this process of digital self-determination is essential to protect its model and the ethical principles of technological development. The European Union’s goal is to use its regulatory power to forge its own governance regime, alongside the development of the infrastructure needed to face the digital transition.

As general aim it is largely supported at European level, but the notion of digital sovereignty has its defenders and detractors. For some it represents **a return to the impossible mindset of the nation-state** and the danger that the EU’s national governments may propose a

need for more control over the internet. For others, like Francesca Bria, President of the Italian National Innovation Fund, it **is a strategic approach** that should emphasise “its concerns about the power of Big Tech are rooted in democratic -rather than technocratic- values”, and provide a conflict resolution framework with global scope.

In March, four European leaders, including German Chancellor Angela Merkel, wrote to von der Leyen calling for the European Union to “recharge and complement its current digitisation efforts with a self-determined and open digital policy which includes digital sovereignty as leitmotif”. This strategy includes projects like GAIA-X (a Franco-German initiative that plans to connect small and medium-sized cloud providers in Europe through shared standards); the establishment of European 5G technology corridors; and the development and rollout of an ultra-secure quantum communication infrastructure to cover the entire EU, in order to significantly increase the security of communications and sensitive data storage in member states.

The Digital Services Act (DSA) and the Digital Markets Act (DMA) also remain under discussion. These **new legislative packages** would establish new business competition rules to regulate the power of large technology platforms and protect the individual rights of internet users and of democratic processes. The DSA even makes a new attempt to enter the current no-go area of algorithmic transparency, in order to provide users with more information about what is done with the data they hand over and about the advertising they receive. In April 2021 a proposal for regulating artificial intelligence (AI) was presented, along with a Democracy Action Plan that addresses the online advertising and content of political campaigns.

This aim of this regulatory arsenal extends beyond shielding the European model from the ongoing bipolar technological confrontation between China and the United States. The power imbalances European governments face are directly related to GAFAM (Google, Apple, Facebook, Amazon and Microsoft), and US deregulation enables these companies – the leading exponents of platform capitalism – to build their global models. When all is said and done, technology reflects the society that develops, applies and determines it.

But there are signs that the boom period for these companies may be ending. The level of overexposure they achieved during the coronavirus crisis, their dominant market positions and the strategies social networks enacted when accused of fuelling political and social polarisation – placing limits on disinformation and

harmful content, but not on the algorithmic models that disseminate and amplify them – has placed the platforms in the spotlight. A new transatlantic entente is beginning to take shape. While the digital models contemplated by Brussels and Washington continue to diverge, consensus is growing on the need to curb monopoly powers. The agreement reached by the G7 in London in early June 2021 to adopt a global minimum corporate tax rate to prevent multinationals from avoiding tax is just the first step. At almost the same time, the EU and the United States also **announced the launch** of a Trade and Technology Council to rebuild their deteriorated relationship, align interests and attempt to agree the democratic principles of the next generation of technology.

Technological geopolitics

The technological confrontation has entered a new phase and, with it, the European Union has experienced its own **fast-paced introduction to the new global geopolitics**. We are entering a world in which geostrategic supremacy will increasingly depend on

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who has the technological capacity to manufacture the microchips that are the beating heart of all the digital products that surround us. Well aware of its totally dependent position in a sector dominated by Taiwan and South Korea, the EU has **already begun to outline plans** for its own semiconductor production.

All of this hyperactivity by the Brussels regulatory machinery is the product of both economic necessity and a political vertigo about the changes underway. But EU legislative efforts have an Achilles’ heel. Is it possible to lead on regulation without leading on innovation?

As a global economic and trading power, the EU competes directly with the United States and China. But as a technological powerhouse, its capacity is closer to the levels of India, Japan and South Korea. The major internal disparities between European partners are another complication. Regulation alone cannot guarantee European technological independence. The EU also needs to invest in infrastructure to prevent a digital divide that grows every day from widening further. According to **United Nations data**, the US and China account for 75% of all patents related to blockchain technology, 50% of global spending on the Internet of Things (IoT), more than 75% of the cloud market and 90% of the market capitalisation

value of the world's 70 largest technology platforms. In that list, Europe's weight is a mere 3.6%; Asia – without China – accounts for 5%; Africa 1.3%; and Latin America accounts for just 0.2%, despite the continent containing three of the world's 20 largest economies: Argentina, Brazil and Mexico.

The pandemic-related shutdowns have only reinforced the automation of our daily lives, the concentration of power and the fears about the truly democratic use of technology. Teleworking, video calls, entertainment streaming and digital socialisation have supercharged an algorithmic growth that was already exponential, but which has left us addicted to so-called “persuasive technologies”.

In this evolution, artificial intelligence is the latest decisive factor in geopolitical power; the definitive

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space that China and the United States are competing to lead. “China's advantages in size, data collection and national determination have allowed it over the past decade to close the gap with American leaders of this industry” warn **Graham Allison and Eric Schmidt** of the Belfer Center. The Asian giant is already well-placed to surpass the US in the next decade.

Meanwhile in Europe, AI retains an Orwellian patina that prompts calls for standards, ethics and accountability. The European Commission has also ruled in this area, presenting a regulation in April that **establishes the foundations of artificial intelligence in the EU**. The text proposes prohibiting “indiscriminate surveillance” and social credit scoring systems (such as the one applied by the Chinese authorities); suggests limits should be placed on “remote biometric identification systems” (i.e. facial recognition), as they are considered “high risk” for citizens' rights. While it also discusses the risks of systems designed to allocate resources, educational opportunities and candidacies, and of so-called “**predictive justice**” judicial support systems, which have been shown to amplify biases and inequalities. These are the algorithms that Cathy O'Neil calls “**weapons of math destruction**” due to the ethical risks they conceal beneath their appearance of neutrality, as they automate injustices and threaten democracy. Technology, as **social infrastructure**, is inevitably a reflection of those who develop it.

Brussels declares that it wants to make Europe the “**global hub for trustworthy AI**” and strengthen the development of human-centric, sustainable, safe

and inclusive AI. Although the EU has significantly increased its efforts and investments in AI over the last year, its strategy still leaves it out of the global competition. “For a race you need a goal, and I'm not entirely sure we actually have an idea where the goal is”, admits **Peter Fatelnig**, member of European Union's delegation in the United States. Only 6 of the world's top 100 startups in the field of artificial intelligence are European. The EU has chosen a path: regulation will be its battleground.