

“The move online due to the pandemic has catalysed challenges that have been percolating for a long time”

Take-aways of the fourth #FlorenceLive conversation about a post-corona world

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The STG webcast series continued with a discussion on how the Covid-19 crisis will interact with the process of digitalisation in society and the economy. The hour-long livestreamed panel-debate featured Marietje Schaake (International Policy director at Stanford’s Cyber Policy Center) and Andrew Wyckoff (Director of the OECD’s directorate for Science Technology and Innovation), was moderated by Miguel Poiaras Maduro (Professor at the EUI’s School of Transnational Governance), and addressed the following themes:

- What effect is the crisis having on developments to digital infrastructure and rules on content in cyberspace?
- What policies can be deployed or strengthened to deal with problems affected or revealed by digitalisation?
- What are the obstacles to international coordination on digital governance and what can the EU do?

10 key take-aways:

Analysis

1. **Brave new digital world** The Corona crisis, while extremely serious, is not likely to effect as deep changes to society and the economy as the digital revolution has already wrought, and is still driving. It is catalysing these changes however, as telework, tele-entertainment and e-commerce become more prevalent, increasing demand for new digital infrastructure. Tech companies and platforms are poised to grow and deepen their market positions.
2. **Analog Europe** Tech companies and platforms are moving targets for competition policy, forcing a re-evaluation as digital services and e-commerce challenge traditional methods of scoping markets and measuring harms. Fragmentation of the EU market coupled with relatively risk-averse regulation makes it less hospitable to their organic development compared to the US or China. The current situation is reviving talk about designating strategic companies for digital infrastructure at least (Nokia and Ericsson), while concerns mount about the penetration of Chinese companies and platforms in the European market. The EU’s recent foreign investment screening regulation and its toolbox on 5G cybersecurity are useful in this

regard, but were slow in their elaboration compared to accelerating geopolitical and geoeconomic competition.

3. **Taxing tech?** The detrterritorialised nature of tech companies and platforms makes them difficult to capture for taxation purposes. Negotiations about global digital taxation are continuing, mandated by the G20 to the OECD, which could make these companies pay their fair share and provide much-needed resources to governments and the EU to build the post-Corona world.
4. **Who to trust?** Facing a new and unknown virus, there is a professed renewed attention to expert opinion and a corresponding demand for better scrutiny of content put out both by governments and all actors on digital platforms. However, in a condition of “post-truth”, amplified and exploited by malicious actors online, it is as hard as ever to identify and follow genuinely useful expert opinion, and scrutiny can easily devolve into diminishing free speech.
5. **Content control** Platforms are taking unprecedented action to steer content, a mostly unchecked exercise of unaccountable power. It is not just about freedom of speech: they not only intervene in what is expressed, but how it is targeted, ranked, curated and presented to users, based on opaque criteria and algorithms, while harvesting their data for profit all the while. Practices and responsibility-taking are diverging: Facebook is holding on to increasingly worn justifications for minimal intervention, whereas Twitter has recently intervened on tweets from Donald Trump, for example.
6. **There’s (not) an app for that** The Corona crisis has also fuelled hope for technological tools to help curb its spread, such as tracking or immunity passport apps, often developed by tech or platform companies. Solutions that respect privacy concerns seem to work only in theory. Their adoption can even have perverse effects, like diminished adhesion to personal protection measures due to a false sense of safety.

Recommendations

1. **Opening (and regulating) the black box** Socio-economic changes driven by the digital revolution and catalysed by the Corona crisis are transnational by nature and in need of tailored, democratised governance. There are several kinds of tools at the disposal of governments: ex ante consultations, greater transparency and accountability requirements, application of anti-discrimination laws, and strengthened anti-trust action, among others. It is necessary to craft packages of measures to ensure that the regulatory aim is hit. Likewise, it is necessary to define the target of regulation as precisely as possible: a tech company is not necessarily a platform (e.g. Microsoft). Both should be submitted to much more stringent transparency requirements to begin with.
2. **Digital Europe I** The EU’s toolbox is well stocked: its multistakeholder consultations are a good model to build on, its anti-trust action is very robust, and its General Data Protection Regulation has already reshaped the way data is collected and used worldwide. There is room for improvement though: the EU should pursue completion of the Digital Single Market, and improve the GDPR’s implementation and sanctioning. It should not shrink from the

consequences of adjusting the scope of its competition policy to global, deterritorialised tech companies and platforms.

3. **Digital Europe II** A rethink of competition policy goes along with a rethink of industrial policy: the establishment of strategic sectors or companies should be argued for on grounds that digital infrastructure is critical infrastructure with profound security implications, while remaining attentive to the potential economic and international consequences of doing so (e.g. reduced competitiveness of European SMEs and retaliatory trade measures). The EU must match action to rhetoric on “systemic rivalry” with regard to China.
4. **Tax that tech** Taxation of digital companies is stalling: the US is increasingly uncooperative, and some EU member states are threatening unilateral action; a strong political signal, but that may backfire. The EU should do its utmost to ensure the success of the multilateral initiative, and if it fails, develop its own approach and ensure individual member states are not penalised.
5. **Control that content...?** Regulation of content on digital platforms is not a new problem, but it has become particularly salient due to the enormous harmful potential of mass diffusion of different kinds of content, be it true or fake and done with more or less malicious intent (distinguishing disinformation, malinformation and misinformation). Likewise, the problems of massive data collection and its oversight, to use for tracking apps for example, are not new either. These are thorny issues with difficult trade-offs and no easy solution. It is a political issue, to be concerted and deliberated, with flexibility and proper attention to fundamental values.
6. **The future is now** Multilateral coordination on digital affairs is likely to be extremely difficult due to the diversity, scope and speed of issues. Digitalisation has and is still profoundly reorganising economies and societies, and penetrates the remit of many international organisations, dealing with trade, banking and finance, intellectual property, standards-setting, and digital infrastructure, among others. American standards, practices and law are hegemonic in most; the future might see increasing competition with standards encoding authoritarian data collection and use by China. The EU must leverage all the tools at its disposal to bend the digital future in a direction consistent with its own values and principles.

Online reactions: On Facebook a global audience followed the livestream with viewers tuning in from across Europe, the US, Pakistan and Peru, to name but a few. Over 50 comments were posted before, during or after the event including over a dozen questions addressed to the panel. In total, the video has been viewed over 4000 times as of 19 June.

(Re)watch the conversation at stg.eui.eu/events/FlorenceLive