
ARGUMENT

Europe Can't Win the Tech War It Just Started

The European Union is running in circles in pursuit of “digital sovereignty.”

BY **TYSON BARKER** | JANUARY 16, 2020, 10:13 AM

There are no bronze medals in the artificial intelligence race: That was Kai-Fu Lee's tart **rejoinder** when talking about Europe's future in the geostrategic AI game. Lee is a Chinese tech entrepreneur and sort of geotechnical Alexis de Tocqueville. His point was that in the geopolitical race for AI dominance, it is the United States and China hustling for gold and silver—and leaving everyone else in the dust. But the European Union sees things differently. In AI—and other areas of strategic technology—new European Commission President Ursula von der Leyen wants to go for gold.

In her November 2019 inauguration **speech**, von der Leyen set technology—along with climate change—as the EU's top priority for the next five years. Von der Leyen's rhetoric is ambitious: “we must have mastery and ownership of key technologies in Europe,” she said, which would include such general purpose technologies as quantum computing, artificial intelligence, blockchain, and critical chip technologies. In Brussels, Paris, and increasingly Berlin, Europe's political and foreign-policy elite are joining the United States and China in casting the geopolitical dimensions of tech in decidedly multipolar terms. Buzzwords used by everyone from French President **Emmanuel Macron** to the **European Council on Foreign Relations**—“strategic autonomy” and, increasingly, “digital sovereignty”—point to a yearning for tech independence. The question is: from who? The immediate answer is the United States. The less urgent answer seems to be both China and the United States. But in charting this course, the compass is already pointing in a worrying direction.

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The new European Commission dreams of uncoiling itself from its dependence on U.S. tech as a geostrategic priority. The broad tech portfolio nominally rests with Brussels' antitrust maven, Margrethe Vestager, known for her assiduous **prosecution** of Google's anti-competitive behavior and Apple's Irish **tax dodging**. But she will be tied up with the competition file, and Macron worked to guarantee the actual machinery of strategic industry rests with the French commissioner, **Thierry Breton**. A former telecommunications executive and former French President Jacques Chirac's industrial policy czar, Breton knows a thing or two about techno-Gaullism. His monster portfolio includes the directorates-general responsible for defense, tech policy, and industrial policy, as well as the telecoms regulation and cybersecurity agencies.

Meanwhile, in Berlin, Chancellor Angela Merkel's government is taking an approach to strategic tech that's wrought with contradictions—and skepticism of the United States in response to Edward Snowden's revelations of the U.S. National Security Agency's longtime surveillance of Merkel and her staff. Merkel herself has ceded much of the strategic tech portfolio to her

lieutenants, most notably in recent months to her economic minister, Peter Altmaier. On the one hand, Altmaier has tied himself into pretzels **defending** Germany's potential 5G wireless technology sourcing from the Chinese tech giant Huawei—a position under scrutiny in Berlin's national security community and in the Bundestag. He inartfully stated that as a free-trading nation, Germany should not question Chinese 5G technology any more than China can question German cars or French wine. He later equated China's right to spy under its National Security Law with potential U.S. actions under the CLOUD Act.

At the same time, Altmaier has called for an autarkic European cloud computing infrastructure, **Gaia-X**, which he says will help “ensure data sovereignty.” He has mused about the creation of an “**Airbus for AI**.” And he has **introduced tough investment controls**—known as the “national fallback option”—to regulate non-EU investment in AI, robotics, and quantum computing. The concessions reflect both the preferences of Germany's creaking legacy companies like Deutsche Telekom and the broader public's **post-Snowden hostilities** to the U.S. tech values that linger to this day. A **Körber Foundation** poll shows that 60 percent of Germans think that Germany should cooperate more with China, compared to 50 percent who said Germany should increase engagement with the United States.

Europe's flirtation with techno-Gaullism is as understandable as it is wrongheaded. It reflects two anxieties. First, Europe feels it is losing control of its digital fate to Silicon Valley and, to a lesser extent, China. And second, Europe is looking to balance against an unmoored, bellicose and unreliable United States embodied by a jingoistic president.

The frustration is not new. Against the backdrop of the Iraq War and George W. Bush-era maximalism, the Franco-German tandem under France's Chirac and German Chancellor Gerhard Schröder announced a set of initiatives in pursuit of what would now be called “digital sovereignty.” The results weren't pretty. One initiative was **Quaero**—Jacques Chirac's half-baked 400 million-euro Franco-German search engine aimed at breaking Google's search stranglehold. At the time, one tech guru **skewered** Quaero as “a blatant case of misguided and unnecessary nationalism.” It died a quiet death in 2014. Another is Galileo, Europe's satellite navigation network. It

was **supposed** to have 30 operational satellites able to emancipate Europe from America's GPS system back in 2008. Today it is billions of dollars over budget and marred by delays and political posturing. Galileo suffered a humiliating **outage** this past July. The beleaguered satellite system is hobbling toward full operation in 2020.

Europe's quest for digital sovereignty today rests on four faulty assumptions. First: that tech innovation can be driven by brute state investment, a European version of America's **Defense Advanced Research Projects Agency** (DARPA), as Macron called for in his famous 2017 Sorbonne speech. Europe's stubborn DARPA theory—that U.S. leadership in such areas as AI is a Washington-centric, Pentagon-driven plot—is a myth. The truth is that the United States does not have a tech industrial policy, at least not in the European sense. For example, on AI, the lion's share of funding comes from cash-flush Big Tech companies, with only some funding coming from the U.S. government or government-adjacent industries in defense and aerospace. That hands-off approach could lead to misalignments with U.S. strategic priorities and perhaps competitive disadvantages to China's more statist approach. But it is reality. DARPA does have \$2 billion for its **AI Next program** in the works. But the Chinese cities of Shenzhen and Shanghai are each investing **\$15 billion**, which is nothing compared to China's **\$150 billion AI strategy** over 10 years. And Big Tech spends around \$150 billion annually on research and development.

The second faulty assumption is that Europe falsely sees itself as caught in the middle of an increasingly hot tech rivalry between the United States and China. While the U.S.-China geoeconomic conflict is real with many valences including trade and academic exchanges, the conflict around tech is primarily values-based. Europe's ultimate objective should be a fierce campaign to embed human dignity, privacy, democracy, competition, fairness, transparency, and rule of law in the global rules governing rising technology. When viewed in terms of raw values, it is China and Europe that are on opposite poles, with the United States as the wild card. Europe's priority should be to align the United States with those values. It's worth noting that the state of California—completely ignored by Brussels, Paris, and Berlin—could become an important asymmetric ally in this process, in the absence of policy coherence from Washington. As of **Jan. 1**, new laws on

data protection and the gig economy have come into force in California that more closely resemble the thinking of Brussels and Berlin than President Donald Trump's Washington. California is primed for an asymmetric alliance with the EU in the service of democratic tech.

Third: Some Europeans believe the EU needs to develop its own Silicon Valleys-style tech corridors focusing on areas in which it has little incumbent strength, such as AI and the cloud. Europe's strengths lie in areas where engineering meets information technology—robotics, the industrial internet, smart appliances, and the internet of things. While opining over quixotic industrial projects, Europe's champions are landing in the crosshairs of upstart disruptors from the United States and China. Germany's great auto **companies** are hemorrhaging market share—an existential geoeconomic threat for Europe's prosperity and global status. The U.S.-based entrepreneur Elon Musk even recently declared Tesla's **intention** to build what he refers to as a “gigafactory” just outside of Berlin. Countries in **Central Europe**—important parts providers in supply chains for German factories—seem to understand the threat. In Prague, Warsaw, and Budapest, there is deep concern that Germany is missing its moment on autonomous driving and electric vehicles, even as it pursues new adventures in the cloud.

Finally, the EU is pursuing a tech industrial policy under the strategically—and morally—ambiguous heading of “digital sovereignty.” Proponents of the concept toggle breezily between two definitions of “sovereignty.” One is based on human-centered **autonomy**—each individual citizen is personally sovereign over their data, interactions with AI, etc. The other is a more Westphalian understanding of sovereignty: each state has an undisputed power monopoly within its borders. The latter idea of “digital sovereignty” has gained more currency in international debates and plays well into the hands of techno-authoritarians. **Russia** and **China** both gleefully embrace Europe's rhetoric and, in some cases, employ Europe's own laws on hate speech and cybercrime to suppress opposition at home. By championing something akin to a tech Westphalian system, the EU could unwittingly be midwifing a system that favors total state control.

Taken together, the EU risks bringing the logic of Brexit to its race for tech:

Wracked by anxiety that it is being left behind in the race, the EU, by following its impulse to “take back control,” could ultimately be left reliant on technology from China, the United States, and even Russia with less bargaining power to determine its own digital fate.

Von der Leyen has other options. The EU has its massive market and a history of winning in the global great game of standard-setting. Brussels’ General Data Protection Regulation was furiously resisted by the formidable alliance of Big Tech, Congress, and the Obama administration. Europe was able to do the same with 2G standards. AI offers another chance. Von der Leyen promised legislation on an ethical approach for AI in her first 100 days in office. This will likely draw on the [guidelines](#) published by the EU’s AI expert group in April 2019 and the October 2019 findings of Germany’s [Datenethikkommission](#). By using its massive economic weight and regulatory power in the service of its values, the EU can bend global tech to its will. All the while, it can build on its incumbent strengths, win the tech value war with like-minded political allies in capitals like Sacramento, and take advantage of Trump administration’s inherent nativism to attract the next wave of global tech brains to Europe.

If the EU wants to be a contender in the tech race, it has to draw on its ample strategic assets and remain grounded in its values. If it doesn’t, bronze might start looking pretty good.

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