



08/2020

DIGITAL PUBLIC INFRASTRUCTURE

The social democratic project of the twenty-first century

OVERVIEW

In the twentieth century the social democrats championed not only social justice, but also institutional innovation. Taking on the power of the technology giants provides an opportunity to resume this tradition and to launch a new social democratic project. Such a future-oriented project should not be confined to regulating Big Tech, however – it requires a fundamental rethink of digital infrastructure as a public good.

First, the bad news. When it comes to Big Tech, we have lost the plot. By "we", I refer to those of us who, in one way or another, feel a relationship with social democracy or socialism. And by "the plot", I do not mean just our understanding of the dynamics of the digital economy and digital capitalism, but also of capitalism as such and the role that social democracy and socialism should be playing in either countering or counterbalancing it.

These days, it is all too easy for social democrats and socialists to get a false sense of the priorities and values that ought to be shaping the social democratic or socialist project, not least when it comes to Big Tech and Silicon Valley. Although it is true that social democrats and socialists have traditionally worried about questions of power, rule of law and legality, these things have never been at the top of their agenda. The values that have actually driven the social democratic and socialist project have always been egalitarianism, social justice and, I would argue – however counterintuitive it might seem – institutional innovation.

But it was precisely by inventing new institutions and new practices that social democracy managed to achieve so much. They include the welfare state and codetermination as well as institutions that exist somewhere between capitalism and the public sector.

Take the library system. It is an institution that works on an ethos and rationale different from those of the market. We do not try to encourage competition between fifty different libraries in order to produce the best results. We recognize that libraries are a public good that require infrastructure and adequate funding. And we use that public institution in order

to promote a set of values that are important to us, such as co-operation and egalitarianism. Our background and our class should not be obstacles to our accessing certain resources.

But it is precisely on this point that social democrats and socialists weaken their most important argument: many of these interventions, from the welfare state to codetermination and institutions such as libraries, were not just about promoting egalitarianism and solidarity. They were also about making society function more efficiently and prompted a significant amount of social and economic innovation. The welfare state is also the most efficient and effective way to structure relations in society because it enables people to take full advantage of the resources available to them and have their say in how society is governed and shaped.

The long history of social innovations for which the social democratic project was responsible has almost been forgotten. Instead, over the past few decades, social democracy has seen its main task as being to defend those institutions from the neoliberal assault. Necessary though this is, the result has been to limit the capacity of social democratic and socialist forces to think about technological change and the kinds of institutional innovation necessary in order to direct the economic dynamics involved along a path that is not only more egalitarian but also more efficient and productive – just as social democracy has succeeded in doing with other economic dynamics in the past.

>

NEOLIBERALISM'S NARROW FOCUS ON COMPETITION

But what does all that mean here and now? We face multiple constraints on our capacity to engage in the kind of social and institutional innovation that would enable the persistence of social democratic values in society. The conditions for the possibility of the social democratic project are being undermined, if you like. The threats to those conditions have many sources. One is the speed and structures of global capitalism. Ever since the financial crisis, there has been too much idle capital lying around seeking investment opportunities that can guarantee a return of at least 6 to 7 per cent. Much of this capital is held not in rapacious hedge funds, but often in pension funds set up by social democratic governments. In other words, the funds investing in the likes of Facebook, Google, and Amazon guarantee the pensions of many Europeans. Unless there is a quick fix to get the world economy out of the morass it has languished in for the past ten years these are structural conditions that will not go away. For the foreseeable future, many people will not be able to get the money they were expecting from anywhere other than technology start-ups and technology platforms. The reality is that this dead capital in search of investment opportunities is a structural condition that we have to confront.

In this context we should not dismiss the idea of a European technology fund as too drastic. If we do not face up to reality, the entire European technology sector, from start-ups to big companies, risks being taken over by Chinese capital, Gulf capital, American capital, Japanese capital – you name it. We have already seen this happening in the past few years.

This is not a plea for economic nationalism. I am not suggesting that we protect these industries just because they are German or French. All I am pointing out is that the prerequisite for more sophisticated institutional innovation is the ability to shape the path and the direction in which our digital infrastructure develops. Unfortunately, at present, that infrastructure by and large is in private hands. This applies to data, and it applies to artificial intelligence and to robotics. Without a massive structural intervention of some kind, which we might not like because it smells of corporatism or something else, we will lose all control over the situation.

In order to retain any room to manoeuvre at all a whole variety of policy interventions are needed. Radical structural and social innovation depends on this. Because ultimately neoliberalism is about suppressing any form of coordination that is not based on the market, but rather on, for example, the principles of solidarity and equality. In short, the neoliberal project wants to narrow down our diverse repertoire of forms of economic and social organisation to only one: competition.

ARTIFICIAL INTELLIGENCE AS A PUBLIC GOOD

Neoliberals have managed to shrink our imaginations and tie our hands. They have talked us into believing that problems can best be solved by more competition. That is not to say that competition is bad per se, but very often it is seen as the default solution. And when it comes to Big Tech, much of the debate

we are having right now is deeply grounded in this neoliberal episteme. The problem solvers are supposed to be Amazon, Facebook and Google or at least start-ups. There is little space for imagining alternative configurations of social forces, whether trade unions, worker cooperatives or municipalities. There is very little effort being put into imagining what kind of legal, political and technological infrastructure would allow these groups to get together to create large-scale projects like the institutions of the welfare state.

The challenge now is to survey the new digital ecosystem and get a very basic and blurry outline of what a new set of institutions might be. An idea about where we would be collaborating, where we would be producing new knowledge, where we would be deploying new kinds of public goods. Just think about artificial intelligence. This is a field where ten companies, five of them Chinese and five of them American, are sinking roughly 10 to 12 billion US-Dollar per company per year into research. Does it really make sense to have a hundred firms spending perhaps 2 billion US-Dollar each on artificial intelligence (AI)? That is clearly the wrong question. Instead, we need to be asking how much of current spending is completely wasted. The answer is around 90 per cent. Artificial intelligence is therefore clearly almost a textbook instance of a public good, something you need to develop once and then make accessible to others. Not only does this drastically reduce costs, but potentially it increases quality, because you will be able to take advantage of network effects. Today, by contrast, you have ten AI companies developing identical capabilities for algorithms and machine learning. All of them are training their systems to distinguish photos of cats from photos of dogs, and they are all replicating the same set of functions.

There is no better argument for the wastefulness of capitalism than the current race for artificial intelligence. The situation will not get better if you simply increase the number of firms from ten to one hundred. What is needed instead is a centralised approach, where artificial intelligence is conceived as an infrastructure. You engage in a well-planned way of funding and developing it, and you find a way to make it accessible to different players in the economy – perhaps on different conditions. Big companies may have to pay a higher fee, smaller companies a lower fee, and non-governmental organizations, activists and start-ups perhaps nothing at all. All of that suddenly becomes possible when we manage to take that one big step towards legal, political and financial institutionalization. This is precisely the kind of institutional innovation that we should associate with the social democratic and socialist project.

Unfortunately, our mental framework is so dominated by the everyday sins of these firms – their tax evasion, all kinds of shady lobbying in Washington and Brussels, their surveillance of activists and critics – that we have a very hard time thinking at the more abstract level and relating our interventions to the basic goals of social democracy. I have absolutely no doubt that whatever social democratic or socialist project we build on the ruins of Big Tech and Silicon Valley, it will need to resolve one big question. And that will be the ownership and control of the infrastructure that can then be repurposed for different projects.

We have built the welfare state on a very important assumption: that certain services are so important to human well-being and society that they must be decommodified.

That is why we have decommodified health care, education, local transport and a few other areas. Unfortunately, capitalism has found a way to penetrate the most intimate domains of our existence. To use an expression often used in German philosophy, "it has colonised the life world". There has been a systematic effort to commodify every single part of our everyday life, every single interaction with other people or with societal institutions. A push-back against that is long overdue. These digitally mediated social relations must be decommodified to a point at which this infrastructure can be used to conduct solidaristic, egalitarian relationships, and promote those values.

REGULATION ALONE IS NOT ENOUGH

Social democrats and socialists thus cannot continue to ignore the crucial importance of reconquering this infrastructure. We need to be very sober. The challenge at present is to preserve at least the possibility of reconquering that infrastructure. Because social democracy is not yet ready for reconquest itself: as things stand, it seeks salvation primarily in regulation. And I think at regulation it does a very good job. The entire European Union is based on the idea that we have rules and that they have to be followed. However, this approach is scarcely compatible with social innovation. Whenever a social democrat or a socialist talks about regulation, we should applaud them. But we should also ask what else they are planning to do, given the immense political, economic and cultural challenge of digitization. Do they have a particular kind of infrastructure or political-economic agenda in mind? My feeling is that they do not, partly because they have found solace in the many possibilities that European regulation offers them.

Do not get me wrong, I am not against regulation. But it will not clinch the kind of victories that social democracy managed to achieve in the previous century – especially because the current political and intellectual balance of power is far from conducive to solidarity and equality.

The idea that some kind of technocratic regulatory agenda can get us out of this mess is a myth. What is missing is a much more ambitious political project that can completely redefine what social democracy is in the twenty-first century. This encounter with digital technology provides social democracy with a life-saving opportunity, because ultimately it allows it to completely reimagine what social democracy should be, beyond merely defending the achievements of the twentieth century.

It is important in this context that if social democrats decide to break up the big technology firms they need to know why they are doing it. And they need to do it for the right reasons. The goal cannot be to break up the big firms to replace them with many small ones. It might be the goal for (economic) liberals or centre-right parties, but it cannot be the goal of social democrats.

That goal should be "something else". And that just will not be possible without reducing the power of Google and Facebook. Thus a tactical alliance between social democrats and socialists on the one side, and those who favour competition on the other, is not only possible, but might also be necessary. However, if social democrats and socialists enter into such an alliance without fully understanding the political and philosophical dynamics involved, they will be overwhelmed. There is no way they

will do a better job talking about competition than (economic) liberals or the centre-right. And if they do, the question arises, why social democracy should even exist.

WE NEED TO EXPERIMENT AND OUTLINE AN ALTERNATIVE FUTURE

You might be able to use this line of argument tactically and strategically to advance your own goals, but then you need to be very clear about what those goals are and about what social democracy even means in the digital age. There is a gaping hole in the social democratic parties' agenda. And at best they have maybe three or four years to fill it. If it is not filled, a life-saving opportunity will be missed. Two tasks, then, confront them over the next few years.

First, we need to specify precisely what the necessary conditions are for this newly constituted social democratic project even to be feasible. That requires a completely different policy on data ownership. This might involve rolling out prototypes, for example in cities in which a very different digital economy can function, based on solidarity and citizen participation.

These need to be tried and encouraged. Because unless there are real working prototypes for these new digital infrastructures, which deliver the kinds of values that we want at the local level, we can forget about convincing anyone to try them out nationally or at the European level. For that, naturally, we will need funding and politicians who are willing to take risks, in the face of opposition from Uber, Google, Amazon and the rest. Clearly, there will be a lot of political opposition. These companies are very powerful, they know what they want and they also have the inestimable advantage of basing their project almost completely on the neoliberal scheme of preventing all forms of non-market-based coordination from scaling up. That makes the task of social democracy even more difficult. It is therefore essential that in the coming two or three years we step up experimentation and create financially well-resourced and secure spaces for digital but non-neoliberal innovation.

It is also crucial, second, that we embark on an ambitious intellectual journey on which we rethink what social democracy might mean in the twenty-first century. To date, none of the social democratic parties in Europe, North America or Latin America have managed to do this well.

Two strands therefore need to be combined. The first involves very practical, tenacious experimentation, combined with a series of pragmatic, policy-oriented interventions in Brussels: what has to be done at European level? Do we need a European technology fund at the very least to ensure that all our technology firms do not end up in the hands of Saudi Arabia? How much time do we have left for this and do we have the requisite legal and economic structures to prevent such takeovers? If we are unable to answer these questions, at some point we shall simply lack the wherewithal (and not merely financial) to fashion an alternative future.

The second strand involves outlining this future and rediscovering some of the more subversive, forward-looking traits of social democratic thought. We need to breathe new life into these often forgotten traditions and link them to the relevant institutions. If we manage to achieve some progress on both of those fronts, social democracy will not merely survive but flourish.

Because the current situation is extremely contradictory. Despite the fact that everything appears to be going well for the neo-liberal project, and companies such as Uber, Airbnb and Google are doing so much to entrench the idea of entrepreneurship and competition, the costs of continuing with the current system will become so high. So high, in fact, that neoliberals themselves will be overwhelmed and markets will no longer be able to cope. You cannot just create markets for solutions and another set of markets for solution-markets. You end up with an infinite regression, in which the problems not only remain unsolved but actually accumulate.

We should not underestimate our adversary's resilience and stubbornness. Until social democrats and socialists clearly articulate what they want in the highly globalised, financialised and digitalised capitalism of the present, we should expect no progress. It is not a confusion about Big Tech that is the cause of our problems. It is a confusion about the role, meaning and future of social democracy. Until this misunderstanding is clarified there can be no clarity about the big technology companies. Our confusion about the tech industry is the consequence and not the cause of our problems. If we really want to get a clear head about this, we first need to understand one thing, namely what social democracy means under the conditions of twenty-first century capitalism.

Author

Evgeny Morozov is an author and researcher focusing primarily on the political and social implications of technology. He is one of the leading critical thinkers on digitalisation.

Note on this publication

This text is based on the keynote speech delivered by the author on 30 October 2019 at the Digital Capitalism conference hosted by FES Berlin. For more information at the Digital Capitalism conference, please visit www.fes.de/digitalcapitalism.

Legal Information

© 2020

Friedrich-Ebert-Stiftung

Publisher: Division for Economic and Social Policy
Godesberger Allee 149, 53175 Bonn
Fax 0228 883 9205, www.fes.de/wiso

Responsibility under German law for this publication at the FES:
Stefanie Moser and Andreas Wille, Division for Economic and Social Policy
Orders / contact: wiso-news@fes.de

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.
Commercial use of any media published by the FES is not permitted without the written consent of the FES.

ISBN: 978-3-96250-561-5