

TECH FIT 4 EUROPE – EPISODE – BREAKING DOWN THE BRUSSELS EFFECT

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CASPER KLYNGE: Hello, and welcome to Tech Fit 4 Europe, a new podcast series looking at the big policy questions behind today’s technologies and the people who shape them. My name is Casper Klynge, and I’m the Vice President for European Government Affairs at Microsoft. And together with my team, I’ll be bringing you some of the most influential voices on pressing digital policy issues. Thanks for joining and enjoy the episode.

Today, I have with me Anu Bradford, who is a Professor of Law at Columbia University, and also the author of the book, *The Brussels Effect: How the European Union Rules the World*. And Anu and I will be talking a bit about how, indeed, Europe is ruling the world, how strong the regulatory influence is, not only for the European market, but potentially across the world, and also whether we’re looking at a Washington Effect or a Beijing Effect a little bit further along the way.

And then, of course, at the end, we’ll talk a bit about the consequence of COVID-19 and what that will mean for the global dominance of European regulations. Looking forward to this conversation, and Anu, thanks very much, for being with us today.

ANU BRADFORD: Thank you, Casper, for having me. I’m delighted to do this.

CASPER KLYNGE: And I’m a political scientist, and I was educated at university, understanding that hard power was about military power. It was about the U.S., and back in the day, about the Russia and the USSR, and soft power was about basically influencing the world by having sort of the degree of magnetism.

You wrote this book, *The Brussels Effect: How the European Union Rules the World*, and do I have to go back and basically reinvent my understanding of the world? Is Europe really much more powerful than what we thought and we’re educated that it is?

ANU BRADFORD: So, one of the goals of the book definitely is to invite people to think what power means today, and what kind of power is really effective, and how costly the power is, how easy power is to deploy. And it is true that, often, the public conversation about power still focuses on hard power. And that often leaves Europe in the position that it’s perceived to be very weak, and there is no denying that the EU is not a military power.

But if you think about the kind of power that matters today, I wanted to complete the narrative by asking people to focus on power of law, the power of regulations. And if you focus on the regulations, that affects the everyday lives of all us. You actually understand that the EU is very powerful.

CASPER KLYNGE: And perhaps you can begin by teaching us and explaining to the audience and the listeners here. So, the Brussels Effect if you boil that down, what does it mean in practice?

ANU BRADFORD: So, the Brussels Effect refers to the European Union's unilateral ability to regulate the global marketplace. So, the EU is one of the largest and wealthiest consumer markets in the world. And there are very few global companies that can afford not to trade in the EU. So, as the price for entering the EU market, these companies adopt EU rules. But often, it is in their interest to apply these rules across a global conduct and global production, because they want to avoid the cost of complying with multiple regulatory regimes. So, all the EU needs to do is that it regulates the single market. And it is then the global companies that globalize those rules for the single market.

CASPER KLYNGE: So, Anu, I think that's a really fascinating way of looking at the world and not least, the way of looking at the European Union, but could you give us a couple of examples where this Brussels Effect has been particularly prominent in the last, let's say, decade?

ANU BRADFORD: Sure. So, what, to me, is fascinating about the Brussels Effect is how it spans across very different types of industries around the world. The Brussels Effect affects the conduct of some of the most powerful technology companies in Silicon Valley and the West Coast of the U.S. So, it affects the privacy policies of companies like Microsoft, and Google, and Facebook. It affects how companies like YouTube and Twitter decide what kind of speech they take down from their platforms as hate speech. They use the European definition of hate speech.

But the Brussels Effect also reaches farmers in Africa, so they determine what kind of pesticides Cameroonian cocoa farmers use, or how honey is produced in Brazil, how timber is harvested in Indonesia, or what kind of facilities Chinese dairy factories use, or what kind of chemicals Japanese toy manufacturers put into their chemicals. So, it is really a range of different types of industries that are adjusting their production and conduct globally to the EU rules.

CASPER KLYNGE: I was visiting China a few years ago, and I was noticing one interesting aspect, that on environmental policies there was sort of a tendency to see what works in the European Union will be good enough for us, because that's sort of the highest standards. Is that a phenomena that we're seeing in many other countries, that it's not only the regulatory power

for the market itself, but also it spreads across the world, not unlike what we've seen with the GDPR?

ANU BRADFORD: Absolutely. So, not only the global companies are adopting the EU rules, but also the governments around the world, when they are adjusting their own regulations. So, the EU rules are often considered to be not only the most stringent, but the rules that are the gold standard. That's why we see over 100 countries today with a data privacy rule, often drafting those rules and modeling them according to the GDPR, the General Data Protection Regulation.

The same has happened with respect to competition laws, so the antitrust laws. Again, European Union has often provided the template for governments around the world. Food safety is another good example and environmental law. So, to the extent country like China is building its own regulatory capacity and elevating its regulatory standards, it is primarily looking into how the European Union has regulated this particular area.

CASPER KLYNGE: And that certainly also applies for a company like Microsoft. In terms of GDPR, we've taken that and we've said, we're going to give the same guarantees to customers all over the world. It's not only for people or citizens living in the European Union. So, I think that sort of confirms your approach on it.

But what are the longer-term consequences of your book, *The Brussels Effect*, your thinking on it? Do we need to rewrite how we look at international politics in terms of power? I mean, you still have hard power, you still have soft power. But regulatory power, I guess what you're saying Anu is that that goes across the board in a much more significant way than the traditional way of looking at power. So, do we need to rewrite our world view our geopolitical view?

ANU BRADFORD: I would say yes and no. So, in the current geopolitical environment, of course, hard power still matters. Economic sanctions matter. The Brussels Effect is not a comprehensive theory of how the world works. The regulatory power is not the only type of power, but it is the kind of power that affects the food we eat, the air we breathe, the products we produce and consume.

And if you think about the hard power, it is increasingly costly to deploy. And if you think about other dynamics of the world politics that, for instance, rely on international institutions in cooperation, in today's world, there's a decline, a retreat, in the functioning of those international institutions, and we are not able to rely on them producing the rules for the world. So, increasingly, we need to think about whether there are jurisdictions such as the EU that can unilaterally then provide the rules for the global marketplace.

And interestingly, while the EU is not the only large market, we do not see the Washington Effect. We do not see the Beijing Effect, but we do see the Brussels Effect. So, these are the political choices that countries like the United States have made to step back, to deregulate and voluntarily, effectively cede the stage for the EU to step in.

So, the more the United States, for instance, retreats from international cooperation, it is actually then trading globalization to increase in Europeanization. So, it does change, to some extent, how we view the dynamics underlying the world politics, both in terms of what kind of power matters, and what are the key players in then defining the outcomes in global affairs.

CASPER KLYNGE: And I think Anu that, speaking as a European, that's such a different way of looking at Europe and looking at the European Union, also on the global stage. And I think it's really an important contribution that you're making here.

But I wonder, on top of the market power, simply we have a lot of people here, we have a lot of customers, that is attractive for most global companies. You need to be in the European market. But is part of the Brussels Effect also based on the old idea that, ultimately, we all want jeans and Coca-Cola? So, there is a degree of magnetism about creating the gold standards on environmental aspects or chemical aspects that it really has almost a universal attractiveness to it?

ANU BRADFORD: Yes, I think that is right, Casper. So, I think there is a tremendous appeal with the European values, and in many ways, the EU has been leading the way and heading to the direction where the rest of the world is following right now, quite willingly. So, the ideas around sustainability of, let's say, organic, safe food of the focus on the importance of mitigating climate change, those are the kind of values where I think the EU has been on the right side of the history, and where it is also winning the battle of values.

So, if we think about the regulation of technology, for instance, and if you think about the EU's philosophy, which I have called the digital paternalism, I think many people are willing to concede today that it has many benefits over the kind of American techno-libertarianism. That Libertarian approach has shown its limits with many scandals, whether we talk about Snowden revelations, whether we talk about Cambridge Analytical, whether we talk about the live streaming of killings by a perpetrator when it came to the attacks in Christchurch in New Zealand.

I think there are very few today who are willing to all-out defend free speech online, and rather understand that there needs to be regulation, there needs to be some limits to be set. But then if you, for instance, compare it to the Chinese philosophy, the kind of digital authoritarianism, again, when you compare the EU's approach to the Chinese approach, the EU seems to be the third way, the middle way, that has a tremendous appeal in terms of the values that it tries to advance and the balance that it tries to strike between defending individual liberties, defending

democracy, at the same time, not delegating the entire regulatory power to the technology companies.

CASPER KLYNGE: And I don't know whether that's because of us are Nordics that this certainly appeals and has a lot of merits to it in my world. Anu, let's be honest to the audience here. This is actually the fourth attempt for us to have this conversation. We were supposed to meet in Silicon Valley five months ago. That didn't happen. We were supposed to meet here in Brussels, a few months ago. That didn't happen, and we've had a couple of near misses in having this conversation.

But I actually want to touch base on the role of Silicon Valley. I lived there for a number of years. You know it super well. If we have met in Palo Alto a few months ago, I was probably going to ask you about the changes on the U.S. side. Are we moving away from this Wild West, where any government involvement is seen as something problematic, negative?

And the reason we're asking this question, of course, is that the consequences of the introduction of the Brussels Effect, if you're sitting in Washington DC, would be to say have we caved in? Have we given the regulatory power to Brussels and basically missed the train in helping define the guardrails around technology, or world trade, whatever that might be? Do you think change is on its way so that Washington DC will want to reconquer and establish the Washington Effect and not only leave it to Brussels to define the space?

ANU BRADFORD: I certainly think that change is on its way, and in many ways, it is the technology companies themselves that have understood that change has been coming, and that that change is led by Brussels and not by D.C. And when these companies have already adopted the EU norms as their global norms, they often have become the advocates and invited Washington to follow the EU's lead. It was quite a big moment when Mark Zuckerberg goes and asks D.C. to basically adopt an EU style, the GDPR style, of federal regulation.

And if you think about the importance of shaping the global norms around regulation of technology, there is no U.S. equivalent of the GDPR that would shape the privacy regimes around the world. So, it has been very difficult for the U.S. to have comparable influence, and the companies know it. And in many ways, even if the companies have been lobbying and have been in conversations, maybe have tried to change the particularities around these regulations, the outcome has been – and they've known it all along – that the regulations do come out of Brussels. And they are better off when they try to change and influence the content, rather than try to oppose those regulations, all-out.

CASPER KLYNGE: Just to be the devil's advocate on this, Anu, I think you have one leg in Europe, you have one leg in the U.S. You normally live in New York. I know that you're speaking to me, sitting, no doubt, in a very pleasant place in Finland. I would argue, again, being the devil's advocate, that we should make a distinction between the federal level in the

U.S., and then the state level. You have seen states, including California, moving ahead on privacy protection laws, and because one-seventh or one-eighth of the population of the U.S. is living in California, that by default almost immediately becomes sort of the standards across the U.S. So, should we focus also on what happens at the state level, and not only what is happening at the federal level in Washington, D.C.?

ANU BRADFORD:

Absolutely. Absolutely, Casper, and California, actually, the Brussels Effect builds on the idea of California Effect, how in many areas, the United States has been following, in practice, the regulatory frameworks that have been created in California. And the Brussels Effect builds on that same idea but shows what happens globally.

But if you look at many of the EU regulations have been followed not by the Federal government but by individual states. So, California's own approach now to privacy is very close to the regulatory framework provided by the GDPR. There are some changes, but in many ways, I would say that it is the U.S. states that have followed the template provided by Brussels, and thereby, also influenced the regulatory framework and extended the influence of the EU indirectly.

CASPER KLYNGE: Yeah. I would like to talk – this will come as a shocking surprise to you – a bit on some of the technologies that are being developed these years and how that will look from a regulatory point of view. And, actually, last year, something happened that I think went below the radar screen in many areas, and that was the U.S. signing up to the OECD Principles for Artificial Intelligence. It was one of the first examples of signing up to a multilateral framework around a new piece of technology.

I was wondering, when you look at AI or other parts of the new technologies coming forward, do you see perhaps a new transatlantic partnership emerging, or do you still think that Europe and the European Union will be showing leadership and defining the guardrails around making sure that AI is inclusive, that it's without biases, that we protect sort of high risk areas?

ANU BRADFORD: So, the EU has an enormous stake in the future of the AI, and a willingness to have a say on how the future of the AI will look like, exactly as you say, that it is an AI that serves humanity, that is a democratic, and that is free of bias.

But to the extent the United States shares those principles, there is nothing that suggests that the EU would want to go alone. The EU, its DNA is that it is multilateralist. It wants to work together with other partners. And in many ways, I've said that the Brussels Effect as I describe as the EU's contingent unilateralism, meaning that if the EU cannot make progress with the like-minded allies, then it is willing to regulate alone.

But I see tremendous scope here for transatlantic cooperation, especially because there are many concerns that both the EU and the U.S. share about the Chinese way of deploying, for instance, AI to facilitate surveillance, and also to export those surveillance technologies to many authoritarian leaders that are willing to have those technologies to support their law enforcement and other policies.

So, I do hope very much that the U.S. and the EU will find a common path to push us towards a sensible, democratic, a sort of human-centered regulation of the AI.

CASPER KLYNGE: Just to be a little bit provocative, if you look at the Brussels Effect, has that been unhelpful in creating additional tension across the Atlantic? I mean, if you're speaking to decision makers in Washington, D.C., is the Brussels Effect a positive thing, or is that, in fact, something that creates rivalry between two continents that have been standing united for, if not centuries, then at least decades?

ANU BRADFORD: So, it is a really interesting question, because I think, Casper, it depends whom you ask, even in the United States.

CASPER KLYNGE: Yeah. (Laughter.)

ANU BRADFORD: So, there are certainly many regulators who feel that the EU is being a regulatory imperialist. It is sidelining the U.S. regulators. That presents a threat to democracy and political autonomy of Americans who now cannot dictate what kind of products are being produced and offered to their consumers.

There are others who say, for instance, that the EU is a protectionist power, that it is enacting these regulations in order to try to level the playing field or give a leg up to less innovative, less effective European companies.

But at the same time, in my conversations with many consumers in America, they welcome the Brussels Effect. They feel that at least somebody is looking after their interest, and many of them remind, for instance, that the regulatory status quo in the United States does not reflect democracy because of the outsized influence of corporations in shaping the outcomes.

So, I think it is a somewhat more nuanced and complicated questions where the Brussels Effect is both welcomed, but also then heavily criticized, depending on who is the interest and the stakeholder in the United States.

CASPER KLYNGE: I think, also from my experience living in the U.S., that's exactly right, that there is a big difference, depending on who you're talking to, but consumer protection, I think, is something that most people would welcome in terms of giving high degree of protection.

Let's look a little bit towards the east, then, Anu. Also in your book, I think you have some very interesting reflections on what the Brussels Effect means in terms of our relationship with China. I think the Brussels Effect has a big impact on companies coming out of traditional Western countries – Microsoft is one of them – adapting and aligning exactly according to what happens in Brussels. But is the same also the case if you look towards China and some of the big international companies coming out of China?

ANU BRADFORD: So, there's a set of Chinese companies that are primarily operating in China, and we know how, in some extent, the Internet is being vulcanized, and there are companies serving the Chinese market. And then, obviously, the Brussels Effect affects them less, if they are producing products to the Chinese markets.

But at the same time, there are Chinese companies that are doing a lot of business in the EU, and it is those companies that do need to care about the EU rules. And it is those companies that then are adopting the EU rules, also with respect to their products in China.

So, one example I mentioned was the dairy factories. China has had tremendous challenges in terms of even gaining the trust of its own consumers in the quality of its products. And often, they have then imported the facilities and follow the regulatory frameworks of the EU in order to even sell products in China, and to regain the trust of Chinese consumers, and basically saying, look, we do need the EU standards. And that has been the way to communicate that their products are of high quality. And that has also then opened up export opportunities in many other markets when they can say that we are producing to the EU standards.

So, it depends on the industry where the Chinese companies are truly global operators or when they are serving their enormously large Chinese market and can afford, then, not to trade in the EU at all.

CASPER KLYNGE: But when you look a couple of years out in the future, and we'll return to what COVID-19 will have done for all of this a little bit later, but do you think the Brussels Effect will still be, you know, the foundation for doing business almost globally, or do you actually see gradually, I think you called it the Beijing Effect, gradually gaining momentum, China, Beijing being able to also define the rules of the game in the future?

ANU BRADFORD: So, there's no denying that the influence of China is tremendous and constantly growing, and the EU's market size will be relatively smaller, going forward. So, I think it is one of the key questions as to whether and when the Brussels Effect might be replaced by the Beijing Effect.

And here, I would say that, even though I do not deny the importance of Chinese market, I argue in the book that the EU's regulatory power will outlive its economic power based on or measured through the GDP alone, and I say that for the following reason.

So, if you think about the regulatory power, the better predictor for that is not the GDP, but the GDP per capita. And it is going to be a while before Chinese consumers are wealthy enough that they can afford to care about the high levels of environmental regulation, they can afford to care about the regulation of privacy. They would start demanding the kind of protective regulations that the European consumers are expecting from the regulators. And by the time the Chinese consumers will be at that level of wealth, the overall growth rates of China will have declined to the extent that the Chinese government might be quite reluctant to impose regulations that might then further dampen the Chinese growth.

And also, if you think about it, the global regulations are set by importers, and so, the China is still relying on an export-led growth. But I think it will be a while before the China is going to be such an important consumer market where the regulators are imposing stringent regulation to the extent that they will become the global standards.

CASPER KLYNGE: I think that's right. Now, we've done the geopolitics of the Brussels Effect. Let's zoom in and look a little bit on the inside of the European Union.

A couple of questions to in this regard, Anu. I think the Brussels Effect is, of course, only relevant if Europe is able to stick together. So, let me begin by the obvious question. So, when you look at Brexit, what will the Brussels Effect mean for London, for the UK, as it departs the European Union?

ANU BRADFORD: So, what I argue in the book, that Brexit does not undermine the Brussels Effect. It is the Brussels Effect that will undermine Brexit. And, of course, in many ways, the departure of the UK is extremely costly for the EU, and it is very costly for the UK. And the EU is losing market size. It is losing important regulatory capacity.

But what also happens is that the EU is losing one of the players that was also quite skeptical of regulations. So, we might actually see the existing EU members, post-Brexit, to be willing to impose quite stringent rules because we no longer have the pro-market approach advocated by the UK around the table.

But what is most important to observe is that this idea of regulatory sovereignty that would be awaiting the UK on the other side of the Brexit. That was a false promise of the campaign. The UK government cannot deliver on that promise, because the UK cannot unleash itself from the EU's regulatory regime.

CASPER KLYNGE: I don't think anybody put that on the side of a bus, Anu, or am I remembering wrongly, during the Brexit campaign? (Laughter.)

ANU BRADFORD: That was not on the side of the bus. That is absolutely right. It was a very intellectually dishonest campaign. So, what was missing was a very simple fact of how the markets operate in the 21st century. And if you think about it, about half the UK trade is destined to the EU. The EU is the number one export destination for critical UK industries, whether we talk about aerospace, automobiles, chemicals, financial services, pharmaceuticals. These companies from these industries need to export to the EU long after leaving the European Union, which means they need to follow the EU rules.

So, if you now think about, for instance, being a UK automobile manufacturer, you have the EU market that is six times the size of your domestic market. Are you going to follow the EU rules and produce so that you can sell to that market? So, yes, you are. Then the question is, is it in your interest to set up a second production line to serve a much smaller domestic market? No, you are likely to produce to the EU standards also with respect to the sales that you make domestically or in the third markets.

So, in that sense, the Brussels Effect will dictate that you continue to produce to the EU standards, even if there was a political commitment to try to provide a different regulatory framework.

CASPER KLYNGE: And I think that gives the old notion, "If you can't beat them, join them," a different aspect in terms of that it's easier to join than it is perhaps to leave, or at least what you point out here, Anu, is that it's impossible to completely disregard the regulatory part of the European Union or the Brussels Effect, no matter what the politics of Brexit would look like.

I would like to turn a bit more inside the current European Union, with the 27 member states. I think the big debate about digital sovereignty, and perhaps it's related to the strategic autonomy discussions that are ongoing in many capitals around Europe, I think this is one of the areas where the more, let's call it balanced approach of the UK will lose that voice inside Europe. And the concerns expressed by many is, of course, that Europe will turn a bit more protectionist, a bit more inward looking.

Is that potentially a problem for the Brussels Effect, that if the European Union is less focused on a level playing field, on competition as a foundation, making sure that everybody has the same access to the market, will that gradually potentially undermine the Brussels Effect?

ANU BRADFORD: So, while it may not undermine the influence that the EU has, it certainly will change how we will perceive that influence, whether it is beneficial or detrimental. And there, I would say that, for instance, the EU's competition policy, that has not today rested our industrial policy, has served the EU well. Defending the integrity of the single market, or

defending competition, has been a source of wealth and competitiveness for the European industry.

And it is a fear that I have that, if the EU tries to depart from that and starts embracing more industrial policy considerations as part of its competition regime, that there are unintended consequences, and there are consequences that will be, in the end, harming the welfare of Europeans and, with the Brussels Effect, also citizens around the world.

So, that is certainly something where I think that we might miss the voice of the UK that would defend those principles that have been in the interest of the EU and that have defined the regimes like competition law.

CASPER KLYNGE: And one of the things that I heard, if not every single day, then at least a few times per week while living in the Bay Area in Silicon Valley, was the problem with Europe is that you overregulate, and therefore, you basically undermine, you know, innovation and the possibility to scale companies or create an entrepreneurial spirit in Europe. That's something are you also – you're writing in your book about sort of the distinction between regulation and innovation. Is that a false dichotomy, or do you think actually there's something about it? Do we need to listen to Silicon Valley when it says it's a problem, and it's one of the reasons why you don't have the big technology companies coming out of Europe?

ANU BRADFORD: So, I think it can be a problem. It doesn't have to be a problem, but we certainly need to take that concern seriously. And I remember one of the interviews with a Silicon Valley executive that I did for the book when I was asking him to describe the difference of the regulatory philosophy of the Americans and the Europeans. And he said to me, "Look, the Europeans, they want us to satisfy a consumer need. What Americans want, they want us to change the world, or allow the world to be changed."

And if you think about every technology company only innovating towards satisfying the consumer needs, as opposed to changing the world, some beneficial disruptive innovation might not take place. So, I think there is a question to be asked, and I am not saying in the book that the EU has always struck the right level of regulation.

But at the same time, I'm not willing to say that regulation always leads to more regulation leads to less innovation. If you think about our own Nordic economies, they are some of the most regulated economies, yet they are some of the most competitive economies. If you think about many environmental regulations, energy efficiency regulations, that lead the companies to innovate towards more environmentally sustainable products, they may also lead to much more efficient and less costly products.

I would also mention a third example is competition law. So, there's a wonderful book by Thomas Philippon, called *The Great Reversal: How America Gave up on Competitive Markets*,

and he shows how the lack of antitrust enforcement in the U.S. has led to excessively concentrated markets, greater profits for companies and higher prices for consumers.

Whereas in the EU, we have pursued very active, even aggressive competition policy, antitrust policy, and you pay much less for flying from Brussels to Madrid, then you pay in the U.S. when you're trying to fly from New York to Miami. You pay much less for your cellphone plans in the European Union because there is more competition, which is the result of more regulation.

So, I think this relationship between regulation and innovation can cut both ways, and it is a little bit more nuanced than the accusation that the EU is hindering innovation by regulating.

CASPER KLYNGE: And I can confirm the thing about the subscriptions for mobile telephones and the prices of the U.S. compared to Europe, but that can destroy any personal economy if you're there long enough. (Laughter.)

But, Anu, going back to the conversation you had with a VC in Silicon Valley, technology companies want to change the world, but I guess what you're arguing in your book is that Europe is changing the world, not by creating the big technology companies, but by creating the regulation that defining the framework for how you operate a business, and how you ensure consumer protection, no matter where you are. Isn't that true, or is that a wrong way of looking at it?

ANU BRADFORD: I think it is true, in many ways. It's not the entire truth, but I think it's definitely part of the story.

But if we now think about, for instance, the AI, one of the next frontiers of regulation and where the EU is trying to insert its regulatory views strongly with the digital services app that we are expecting to be unveiling later this year, I think this is an example where the EU can influence the rules of the game.

But it is not enough that the EU wants to be the referee. It also needs to get on the field. It needs to learn to play both offense and defense, and be a player. But I would say that the EU knowing that the rules of the game are something it can influence, it should give the EU the impetus to make those investments, because it knows that the game is not rigged against its companies. Its companies can succeed because the EU is not at the mercy of the rules set by others.

So, in many ways, I think that can be mutually supported, when you can influence the regulatory framework to create the kind of environment within which innovations can take place.

CASPER KLYNGE: We're coming towards the end, Anu, and I want to throw in sort of a curveball here at the end, and that is of course COVID-19. You wrote this book, which is highly recommendable, by the way, especially when you're European. But I'm just wondering, COVID-19, does that change the Brussels Effect, either short term or long term, or do you have – I'm sure you've reflected on this in the last couple of months, being isolated in New York as well. So, how do you see COVID-19 playing into the Brussels Effect, and do you foresee any significant changes to this?

ANU BRADFORD: Right, so, I think it is an extremely important and complicated question. My first reaction would be that if COVID-19 led to the end of globalization, yes, that would undermine the Brussels Effect. The Brussels Effect relies on the idea that we have global companies interacting and doing business across the global marketplace.

But I don't see the COVID-19 ending globalization. The answer is not deglobalization. In many ways. I think that companies are rethinking their supply chains, but I do not see the state of the world where the companies start sourcing, producing and selling locally. That is just not an opportunity that they have.

But what we may see is an increasing shift from globalization to regionalization. So, we might see some of those global supply chains to be diversified, even moved back to Europe, but that only increases the importance of the single market as the unit around which the economic recovery in Europe is built. And I hope that, in many ways, that increases and gives the impetus to complete the single market, including the digital signal market, so that the Europe can better dig itself out of the crisis.

But another thing I would say, Casper, is that the Brussels Effect is quite well insulated from crises like COVID because it relies on technocratic power. So, if you think about the massive political and economic upheaval that is going on because of the pandemic, in many ways, if we think about, for instance, the Digital Services Act, the commissioned civil servants, they are still focusing on the assigned domain of regulation. They go to the office and they work on the regulations, even if the council is trying to figure out what to do with the recovery fund, and how to address many of the big challenges.

So, the GDPR, it wasn't derailed because of the Brexit vote. It wasn't derailed because of the migration crisis. So, in many ways, the resilience of the Brussels Effect really relies on it being in the hands of the European bureaucrats that are not all in charge of resolving the COVID-19.

CASPER KLYNGE: So, what you're basically saying, Anu, is that the Brussels Effect is, in fact, the deep state working quite efficiently.

ANU BRADFORD: It is. It is, very much so – (laughter) – and I think we might still see, obviously, that deep state, the bureaucrats are aware of the world around them. So, they might,

for instance, need to rethink privacy when we are now learning how we are deploying technology for, for instance, contact tracing. And so, there may be some rebalancing that will affect the way they draft the regulations. But I don't see them scaling back their ambitions when it comes to the regulation that they are dedicated in pushing forward.

So, in many ways, I think that the secret of the power of the Brussels Effect, it's really that it is quiet power. It's passive power. It hasn't been geo-politicized. It hasn't become a subject of these endless disagreements or geopolitical clashes. And in many ways, that is exactly why it has served the European interests so effectively.

CASPER KLYNGE: So, we're not talking about grand strategy here, but more sort of a subtle, quiet way of influencing the world, but I think your contribution with your book is enormously important, regardless of whether you're sitting in Brussels, whether you're sitting in Washington D.C., or whether you're sitting in Beijing. It's been really fascinating to get this different view on Europe. Anu, thank you very much for that.

And this podcast is called Tech Fit 4 Europe, and I guess one of the deductions from the Brussels Effect is that, regardless of whether you like it or not, whether you're a big company, or a small company, we have to align with the political vision and the political framework or the regulatory framework coming out of Europe. So, it's really about aligning with Europe, not the other way around, and that's certainly one of the takeaways from the Brussels Effect.

Listen, Anu, we always end this podcast with allowing you to ask the question to the next victim we have lined up. And the next guest we have on the podcast is Pascal Canfin, a member of the European Union, one of the founding fathers of, let's say, the green recovery focus, post-COVID-19. So, if you were sitting in my chair, virtually, what would be the question you would ask to Pascal Canfin?

ANU BRADFORD: Wow. So, that is a terrific opportunity. I think he's a very exciting guest, and maybe what I'd like to ask is everybody wants to know about the carbon tariff. I think the carbon tariff is one of the most controversial proposals that has been a commitment of the current commission, and that ought to be, then, part of the sustainable recovery. So, I guess my question to him would be whether the carbon tariff will be a feasible strategy, and whether they will go forward with it, and whether it will serve the interests of Europe and the people around the world.

CASPER KLYNGE: Excellent question. I'll make sure I'll ask that to him when we have him sitting here in the office in a few days' time. Anu, where can our listeners find you on social media, if they want to follow you and the work that you're doing?

ANU BRADFORD: So, I am on Twitter. And so, Twitter is certainly my favorite social media channel. I am also on LinkedIn. So, those are probably my preferred ones, and I'd love to hear

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from people who were part of this conversation. I'm working on my next book on the EU's regulatory philosophy behind the digital economy. So, any comments and thoughts would be most welcome.

CASPER KLYNGE: Fantastic, Anu. Listen, thanks a million for taking time and being with us today on the pod. I think this was educational for all of us. It certainly was for me. And Anu, I think the point that you're making is incredibly important for all of us interested in where the world is heading, and also for those of us interested in where technology is heading. So, thanks a million for being on the pod.

ANU BRADFORD: My pleasure. Thanks so much for having me.

[MUSIC]

CASPER KLYNGE: Thanks for listening to this episode of Tech Fit 4 Europe. If you haven't done so already, hit subscribe on your favorite podcast platform to be notified when the next episode goes live. We also want to know what you think of the pod. Is there a key digital policy issue we should discuss, or a key influencer you'd like to hear from? Share your views on social media, and please pass this episode on to anyone who might enjoy it. Until next time.

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