

TECH FIT 4 EUROPE: The geopolitics of COVID-19

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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. 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.

Our guest today on Tech Fit 4 Europe is a good friend of mine, let's come clean on that to begin with, Colin Kahl, who is the co-director of the Center for International Security and Cooperation at Stanford University, and also the former National Security Advisor to Vice President Biden. Colin, thanks for taking time to be on our pod today.

COLIN KAHL: Yeah, Casper, it's great to be with you.

CASPER KLYNGE: And normally we sit closer together, but I just want to make sure that everybody understands we have at least eight feet between us because we are, in fact, recording this podcast in Menlo Park in the Bay Area outside San Francisco. I was supposed to be in Brussels doing my new job, but I've been stuck here for a couple of months because of the coronavirus.

COLIN KAHL: Yeah, eight feet seems a lot of distance, except I've been doing everything on Zoom, so this is actually quite refreshing. (Laughter.)

CASPER KLYNGE: And on Microsoft Teams as well or only on Zoom?

COLIN KAHL: Undoubtedly. (Laughter.)

CASPER KLYNGE: (Laughter.) Okay, great. Listen, Colin, we're going to speak a little bit about international affairs today, geopolitics, where the world is heading also after COVID-19. And the starting point and one of the reasons I invited you to come on the pod is because the article you wrote or co-wrote a few months ago on the aftershocks of the coronavirus pandemic and the new world disorder, where you sort of give an indication of where you think the world is basically heading.

First, beginning with sort of an easy question or rather a difficult question, will the world be better after the COVID-19? Will we have more international collaboration, or do you think actually we're heading into some difficult times and moments?

COLIN KAHL: Well, in some ways, I think could be better in the sense that this is the first crisis in my lifetime that is truly an existential moment for just about every country on Earth, right? It's, except for maybe an alien invasion, this is something that kind of we're all in it together. So, and it's obviously a challenge, both the public health dimension of this, but also the economic dimension, that can't be solved by any one nation.

So, it is a monumental trans-national challenge that demands global action. But that's not what we've seen so far. What we've seen so far is kind of every nation for itself, a very kind of self-health, real "politique" environment, and I think a lot of that is because the world was already trending in that direction. The distribution of power was changing, faith in the United States was declining. China was playing a different role. The trans-Atlantic community was under strain. Populism was on the rise; protectionism was on the rise; the EU was under strain. We can go on and on and on.

And so, I think in the near term, what we've seen so far with COVID is that it hasn't made the world better. It's kind of dialed up the challenges we already had to 11.

CASPER KLYNGE: But, of course, when you're sort of – when you try to be an optimist, and I think we share that approach to life, you could also say that, in many ways, COVID-19 has revealed the necessity of having international collaboration. I mean, this is a virus that doesn't respect national borders. It spread at an incredible pace; it sort of showed what globalization is all about. Has that realization also entered into the political mindsets of our decision-makers across the world?

COLIN KAHL: So, I think so or I hope so. Look, I think COVID-19 is revelatory. It hasn't remade the world. It's brought a lot of things that were already there about the world into sharper relief and kind of magnified them and amplified them. I think, for most of our professional lives, Casper, we've had a debate about kind of what does security mean in the post-Cold-War world, right? And then we had a debate about what does security mean in the post-9/11 world? I don't know what we will define this age as, but we won't define it any longer as the post-Cold-War world or the post-9/11 world. We will define it as the post-COVID world.

And I think there are a number of things we've been debating, not you and me personally, but kind of the broader collective of the foreign policy community and practitioners, about what are the greatest threats that humanity faces? There are then people who argue that the greatest threats are, you know, the return of great power rivalry. After 9/11, the United States positioned rogue states and terrorist organizations, and weapons of mass destruction as the civilizational challenge.

There was this other debate, though, about whether trans-national dangers like climate change, biosecurity risks like pandemics, other trans-national threats like cyber-attacks were actually the things we should be most worried about. And I think a lot of those arguments stayed largely hypothetical, and they're no longer hypothetical. So, it can no longer be denied that no nation, even the most powerful ones on the planet, can protect themselves from these types of trans-national dangers, and that you need extraordinary international cooperation to address them.

It's also revealed that COVID has enormous inequalities in all of our societies. Obviously, I'm a citizen of the United States, and nowhere is that truer than in my country, where black and brown communities have been disproportionately affected not only by the virus, but by the pandemic of unemployment that the response of the virus has produced. And the inequalities that already should have been apparent to all of us around the world I think have gotten more profound.

So, while I don't think COVID has changed the world, I do think it's revealed what the world was already like. And if that is a call to action, then that's a good thing. Thus far, it hasn't quite worked out that way, but we still have time.

CASPER KLYNGE: Of course, we're in the U.S. right now, where you have a U.S. administration that is sort of America First. It's the motto I would almost say of where the administration is currently. When you look back a couple of months back to the beginning of March or in the middle of February, in many ways, you could apply the same approach to all countries around the world, certainly in Europe where each country went its own way and closed down the borders very rapidly.

A couple of months later, we're sitting here. We're seeing now societies reopen at a fast pace as well. The first sort of national-first approach, has that been replaced now by also sort of almost a desire to open up to engage again to collaborate across borders? I'm basically just trying to ask you the same question in a different way.

COLIN KAHL: Yeah, it's a good question. I think, actually, to unpack the question a little bit, there's kind of two parts of it. One is that we did see overwhelmingly national responses, right? So, in Europe, we obviously saw borders being stood back up. We saw something similar, but to a lesser degree during the migration crisis a few years ago. We saw borders be stood back up. We saw countries hoard medical supplies and not share them as widely as people wanted.

There were huge debates between north and south in Europe and between east and south in Europe over economic bailouts and everything else. And I actually think the EU is getting its act together more now than at the beginning. But Europe was certainly, at least initially, every nation for itself.

And that nationalistic stream has been especially true in my own country. It was true before the pandemic, but of course, the pandemic leaned into all of Donald Trump's instincts for travel bans and restrictions on immigration. And part of the story of the early response of the Trump Administration to the coronavirus was first to deny that it was a thing because Trump didn't want to spook markets or didn't want to sour his emerging trade deal with Beijing. And then, once, it was impossible to deny that it was a thing, to put in place necessary but wholly insufficient restrictions on travel and immigration that catered to Trump's instincts, but were not nearly enough to actually deal with the problem because it didn't deal with testing or personal protective equipment, or any of the other things that we've come to.

I think that nationalistic aspect of the response still lingers. Like, I think the EU is trending toward a more super-national response, but I think across most nations, that nationalistic response still lingers.

But the other part of your question is actually about the lockdowns within countries. That, of course, is loosening up. And in some places, it's loosening up because countries have flattened the curve and essentially, at least for now, defeated the first wave of the virus.

But there are other countries, and I would put my country in that category, that are opening up because people are exhausted with staying inside. I mean, our cases are still climbing in a lot of states in my country. I think we should expect, because of the protest movements in so many cities because of the George Floyd killing, and what that has surfaced about police brutality and systemic racism, I think we should assume that with tens of thousands of people taking to the streets in a lot of cities that were already afflicted by coronavirus, you're probably going to see a spike as a consequence of that. And yet, we're opening up anyway, largely because people are just sick of being inside, which I get, because I'm also sick of being inside.

CASPER KLYNGE: Yeah, I think there's a human trait in that in saying, we actually like to engage with each other. We like to have conversations, we like to be in physical contact. Listen, in your article, I think you have a very interesting comparison with the flu pandemic back in 1918-1919, and then you compare it a bit with what we've seen with COVID-19 here.

What are the parallels? I mean, can we draw any lessons from that? What I'm particularly interested in is for the argument, if I understand your article correct, that you think, in many ways, the pandemic of 1918-1919, in many ways, led to the political fragmentation that we saw in the Interwar years in Europe. Is that a comparison you think is relevant here, or is it a completely different situation?

COLIN KAHL: So, I think there are comparisons. So, the reason why it's -- you know, 100 years ago was the last great global pandemic. From a public health perspective, I don't think we are trending towards COVID having the effect that the influenza pandemic had 100 years ago. After all, it probably killed as many as 50 million people and infected 500 million people,

which was a third of humanity at the time. I think we will be lucky enough that COVID-19 won't come anywhere near the sheer scale of that, as tragic and as widespread as it is. I think that's the good news.

I think the bad news is actually COVID-19 might have greater geopolitical consequences than the flu did, largely because our world is so much more connected than it used to be economically, technologically, socially, geopolitically. Therefore, and the crisis has struck at the very heart of that interconnectedness by blowing up trade and travel and tourism, but also pushing us all onto online systems of questionable resilience and reliability – not Microsoft systems, of course, but you know, all the other ones. (Laughter.)

CASPER KLYNGE: Yeah, thanks for saying that. (Laughter.)

COLIN KAHL: (Laughter.) No, but the point being, look, the article makes the provocation that the influenza pandemic happened at the tail end of World War I, and that if we want to think about what the next decade or two might look like from this point, one of the darkest periods in modern world history were the two decades after the influenza pandemic, which we call the Interwar years, the period of time between World War I and World War II.

It was a time in which the reigning liberal hegemon of the time, Great Britain, struggled. It was a time in which we had a great depression. It was a time of rising nationalism and xenophobia and militarism and rising autocratic states carving out spheres of influence. Does any of this sound familiar? (Laughter.)

CASPER KLYNGE: Somehow, it sounds familiar. (Laughter.)

COLIN KAHL: But the influenza pandemic didn't cause those things. The shock of World War I, itself, the way in which World War I was resolved, somewhat unjustly, from the German perspective, the fact that the United States, one of the most important world powers, turned inward. It was, after all, during the Interwar period where the America First movement began in my country and where that phrase came from.

CASPER KLYNGE: So, more than one parallel.

COLIN KAHL: Correct. But those things were not, for the most part, caused by the flu. But even before COVID-19, a lot of these same trends – rising militarism, rising protectionism, rising xenophobia, authoritarian powers on the march, a liberal hegemon on the back foot, democracy struggling – they were already there. And then, you had this shock to the global system. So, that's really the provocation, the reason I started the article with that provocation.

CASPER KLYNGE: If we move a little bit towards the current situation, again, we're seeing in the U.S., I think you have more than 40 million people now unemployed largely because of

the COVID-19 crisis, of course, the economic consequences are devastating not only the U.S., but on a global scale.

I want to talk about a topic that you actually already mentioned, Colin, and that is the inequality of COVID-19. We see it locally, we see it regionally, we see it globally. Even in a place like Europe, you have big differences on how people are able to cope with the inequality. I guess what you're saying, also referring back to the 1918-1919 situation, is that, in some ways, the pandemic is a catalyst for trajectories that were already in place.

So, this global inequality, I mean, are you seeing COVID-19 actually adding to that or do you think we can also find somehow an extra degree of international solidarity, recovery packages not only focusing on the U.S. or on Europe, but also looking at developing economies – Africa, southeast Asia, Latin America?

COLIN KAHL: So, I think, again, it's one of these things where it's possible, but we haven't seen the upside of it yet. We've seen mostly the downside. And inequality has been manifest both within countries, and as you mentioned, between countries. So, in certain regions like Europe, obviously, the countries of southern Europe – Italy and Spain in particular – suffered more than the countries of northern Europe – the Netherlands or Denmark, Sweden obviously being an odd case, running an experiment that, at least as of this taping, appears to have failed in comparison to its Scandinavian neighbors.

But, of course, you've also seen other countries like the UK really struggle, and they don't kind of fit in that north/south, but they're not part of the EU anymore, either, obviously.

CASPER KLYNGE: We'll come back to that.

COLIN KAHL: (Laughter.) You also see the fact that the United States is only five percent of the world's population, but we have about a fourth – between a fourth and a third of the world's coronavirus cases. I printed out the Johns Hopkins list. As of today, we're taping this on June 9, 2020, there were 7,174,925 total confirmed cases of COVID, and almost two million of those have been in the United States. Of the deaths, of the 408,000 deaths globally, 111,620 deaths have been in the United States.

So, the United States is an extraordinarily wealthy country, but we have a broken healthcare system. We have a lot of inequalities that strike hardest, but not exclusively on minority communities. And so, we've seen disproportionate infection rates in black and brown communities, in prison populations, in nursing homes, on Native American reservations. And then, of course, there's a global north/south divide simply because countries like the United States, or countries in the EU, or China or South Korea have a lot more resources to throw at keeping their economies afloat. And so, I think we're seeing inequalities across the board.

You're also seeing, I think, inequalities emerge because of -- as a consequence of the lockdowns and other social distancing restrictions. Think about it this way. A lot of individuals who work in the service economy who are kind of middle class or upper class are essentially able to do their jobs from home, relying on digital infrastructure, video conferencing, e-mail, and the rest.

I have two little kids. I have an eight-year-old and a five-year-old. We're all annoyed that our kids are at home having to do home schooling, but we have computers and tablets for them. We have school districts that can meet their needs. That's not true of a lot of poorer communities and minority communities where there's a huge digital divide, access to these technologies, schools with fewer resources.

And, of course, these are the very communities where people have been declared essential workers. Essential workers are not just our nurses and our doctors, and our police, and firefighters, and paramedics, etcetera, but also the people who bag our groceries and stock the shelves, and work in the fields, and work in restaurants. And by and large, these are working class and lower-middle-class individuals, who by the very nature of being essential workers, may still have jobs, but also their exposure to COVID is much higher.

And when you look at those numbers of 40 million people unemployed in the United States, again, the unemployment rate among African-Americans in the United States is higher than the national average. You might have seen that the Trump Administration kind of spiking the football because the unemployment rate dipped a little bit in May, which is good news, although it's still the highest unemployment rate since the Great Depression in the United States. And for African-Americans, the rate went up, even as the overall rate went down. So, I do think that this is contributing to inequality.

At the same time, it's highlighting it, and that's a good thing. I think the protests over George Floyd's killing at the hands of Minneapolis police is also highlighting systemic inequalities associated with race.

And I will tell you, I see in that twin opportunities, at least in my own country. One is a consciousness shift from the bottom up, a realization that there are parts of our system that are broken and huge structural inequalities that linger back to the founding of my country, and that that is bringing hundreds of thousands of people into the street demanding change at the local and national level. And that is, I think, the proudest expression of democracy you can have.

And then from the top down, there is a need to continue pouring considerable resources into keeping the economy afloat. And that's an opportunity, actually, to make investments not only in keeping the economy going, but doing so in a way that's more equitable if our politicians choose to do it that way, of course.

CASPER KLYNGE: And the inequality, as you also mentioned before, Colin, certainly also evident if you look at the access to new technologies. I think it's interesting to follow the debate, especially in Europe, where people are saying, it's terrible to see how dependent we are on new technologies. It puts in question our fundamental rights. The only thing I will argue back is, could you imagine us handling COVID-19 without having 21st century technology? It would have been extraordinarily difficult.

Now, that said, it is obvious that there is a big difference between people that are privileged, like ourselves -- we have access to infrastructure, we have access to internet, we can work from home -- and then, people that do not have that. And I think, again, there is a local dimension, a regional dimension, a global dimension. Even in heavily industrialized countries where the economy is prospering in general, you have people that are basically outside the inner circle of economic developments.

The positive side is, to some extent, that COVID-19 could accelerate digitalization. The negative side is, how do we make sure that this is inclusive, that it's not only about those that are well off, but that we bring everybody on board to the bus? And I'll try and get you to answer that both from a domestic point in the U.S., but actually also looking a little bit on the international side. What happens in Latin America? What will happen in Africa? What will happen in Southeast Asia?

COLIN KAHL: Yeah, so I think it's a great question. I think you're absolutely right. Look, the term "globalization" is thrown around, but when I think of globalization and interconnectedness, it has social dimensions, it has economic dimensions, it has demographic dimensions, it has technological dimensions.

There are some aspects in how interconnected we've come that made the world more vulnerable to COVID-19, right? Just look at supply chains. For example, the fact that supply chains have been globalized to an extent that, if you hit critical nodes in the supply chain all at the same time, what COVID-19 has revealed is the world can't deal with that.

On the other hand, there are other aspects of how interconnected we were, especially in the digital domain, that has kept certain aspects of our economy afloat in a way that would not have been true in a previous era for precisely the reason that you mentioned.

Now, of course, there's a dark side to that, too, in the sense that, we're now all doing things online and people are working from home. And so, the attack surface for maligned cyber activities, from phishing over e-mail and SMS to "Zoom bombing" to surveillance capabilities of states and corporations, there's a dark side to all of that as well.

I think, moving forward, we'll have some pretty big questions to ask, right? So, my sense is that a lot of businesses are not going to go back to physically locating their workers, because

they've now run this giant experiment, realizing that they can do a lot of this by not having to do that. They can cut their overhead by not going back and renting the same places. They can keep their workforce healthier by keeping them more physically distanced.

But at the same time, their IT infrastructure is going to be a lot less secure because now the entire network is spread across people's home and is only as secure as an individual laptop or tablet or smart phone, however someone is interfacing with the network. So, people have to figure that out. People have to, if we're going to move toward more remote and digital economy, then of course making sure that individuals who don't have access to broadband and in the future, 5G, who don't have access to laptops and smart phones and tablets, we've already talked a little bit about that in the education domain.

I will also say that there were some aspects of digitization and automation that were calling into question, like, the future of work and whether that, in and of itself, was going to produce mass unemployment and inequality, and there are obviously debates in the technology community about that.

And there, I think, are reasons to believe that COVID certainly isn't going to cut against that and may actually accelerate that. After all, robots don't get sick. The impetus to drive more things toward artificial intelligence and various forms of automation, I think, will be augmented. And of course, a lot of the wealthiest – I don't have to tell folks who work at Microsoft, a lot of the biggest tech companies in the world are doing pretty well in this environment. And when you have a bunch of trillion-dollar companies, companies that have internal economies that are bigger than all but about 15 or 16 countries on planet Earth, that's its own form of inequality.

So, I think the story is kind of glass half empty, glass half full. I do think this is a moment to make those digital systems which have helped us be resilient at one level, themselves more resilient, and those digital systems which have contributed to inequality in some domains, more equal. But these are choices, and left to just the natural course of things, I don't think things are going to get better. I think things will get worse.

But humans have agency. We're not prisoners to history or structure. We can make a difference. So, these are choices we can make.

CASPER KLYNGE: And I want to come back to the policy consequences of the scenario that you're basically outlining here, but just before doing that, the dependency we've had over the last couple of months on technical solutions, in your view, Colin, has that reduced the focus on privacy issues, on basic fundamental human rights in saying, well, we have to cave in a little bit on this in order to benefit from the systems that are around?

And the reason I'm asking this is, of course, this was on top of the agenda, not at least from a European point of view, to make sure that we take forward the technology in a responsible way. But people are arguing, well, these days, that's not on top of everybody's agenda. It's actually access that is more fundamental.

COLIN KAHL: Yeah, it's a good question. I don't actually think that most people are aware. I think before COVID, people weren't aware of how much of their personal data was out there and being commoditized by corporations with, I mean, our consent in the sense that we checked the box on a 10-page, 10-point font terms of –

CASPER KLYNGE: Not necessarily reading every page.

COLIN KAHL: Right. (Laughter.) Not necessarily reading every page. But that actually, there are ways in which, as we've moved online more now, we're actually providing more information. There are more venues in which we are talking in ways that could be recorded or surveilled in ways that people don't fully appreciate. So, I don't know that we've had the reckoning yet with what exactly this means.

And then, there's the other piece of it, too, and this actually varies across countries, which is that some of the countries that have been most successful in containing the virus have, of course, used mobile digital surveillance applications for this purpose, whether that's countries like Belgium or South Korea or Israel, some of these countries using tools that they developed in the counterterrorism domain to essentially do contact tracing without people's consent.

And I think in the near term, people may say, well, I'm not crazy about that, but I get it. But my sense, at least in this country after 9/11, is that you can have this ratchet effect, where sometimes, you put in place emergency measures that actually take on a life of their own or are harder to pull back.

So, I do think that it's imperative for people that start having the conversations and to make sure that we're doing this with our eyes wide open, and actually make sure we're having two sets of conversations. One is about the rise of a challenge that was pre-COVID but is getting even more severe, which is essentially digital authoritarianism around the world. And the other is what I would call kind of the corporate surveillance state. These very large corporations that have accumulated enormous amounts of data pose their own threats to our civil liberties. And those were challenges before COVID, but it's even more important that we have that conversation as the pandemic recedes.

CASPER KLYNGE: And, Colin, what does that say about the responsibility that lies in a corporation like Microsoft, like some of the other big companies? I mean, do we have to step up to the plate now and take a greater societal responsibility, simply because of the dependency that societies have on the platforms and technology that we roll out?

COLIN KAHL: Yeah. I mean, I think the question in a sense answers itself. Yes. I mean, to the degree that companies like Microsoft or Google, or Facebook and the others, provide a kind of public goods that we associate with governments, well, in governments, there's some degree of accountability, especially in democracies. And the more and more of these public goods are in essence privatized, the more the obligation for those companies to live up to some social imperative, I think, goes up.

And so, I do think for companies that have extraordinary amounts of wealth and resources, there should be a moral imperative to make sure that their technologies are not contributing to inequality, but actually diminishing inequality. People are witting of how their personal information is being used, and also that steps are taken to protect it and not to commoditize it without permission.

I think there has to be a debate about the obligations that companies have, especially companies where their headquarters and their foundings are in democratic countries, that they need to embrace a set of democratic values. And that may mean taking less profit from working with countries like China and other countries that may take technologies and use it to perpetrate some of the grossest human rights abuses that we see in the world.

So, yeah, I think there's a tremendous moral and social obligation.

CASPER KLYNGE: And I would completely agree with your assessment.

There's one thing that I haven't been able to sort of get myself to provide an answer to, and that is, of course, what will happen with the "techlash" discussions that we've seen, not least in Europe. In many ways, as we talked about before, Colin, the dependency on these new platforms, new technologies, you could argue could lead to people embracing it even more. You could also say that the dependency is primarily on U.S. technology companies, my own company being one of them, that could lead, at least in Europe, to a renewed "techlash," saying we need to develop our own capabilities because we cannot be completely dependent on everybody else.

My own view on this, we will see increased scrutiny. We will probably see commissions being established in most countries around the world looking at how actors handled themselves during the COVID-19 crisis. I think there is a dimension in all of that which is the recovery packages that are coming online across the world basically means that government or states are the only show in town. And where do you create revenues for those states in the future? I think the focus will certainly also turn toward the tech companies.

But can you help me answer that question? Will "techlash" be over, or do you think we've only seen the beginning of that?

COLIN KAHL: I don't know. I don't think it's going to be over. There are many dimensions to this. I'll name two. Undoubtedly, there are others and I wouldn't claim to be the world's leading expert on these things.

But I think there will be one debate, which was happening before COVID-19 in this country in the context of this question of decoupling, and sovereignty over key technologic – the backbones of key technologies. And I do think the COVID shock to global supply chains of all types, that it will provide this impetus to a kind of deglobalization and reshoring, especially as it relies to things that are crucial for societal health and critical infrastructure.

And so, it could give, to the degree that there was already an impetus to make sure that countries could rely on the technological backbone of their economies, I have to imagine that impetus is certainly been growing in the United States. I would imagine it will grow in Europe and other places.

And then, there's the other, which is essentially the regulatory conversation, where, I mean, to be grossly oversimplistic, it strikes me that you've kind of got the China model, which is a digital authoritarian model of the state controlling and censoring the Internet, having access to everybody's information and data, and colluding with commercial enterprise to one thing in ways that no western country that I'm aware of would willingly accept.

Then, you've kind of had the U.S. model, which has kind of been this libertarian, Wild West, anything goes, whatever the big corporations want to do, whatever makes the most money, capitalism run amok.

CASPER KLYNGE: Despite one fact, Silicon Valley, in many ways, were established with assistance from the government. (Laughter.) It wouldn't be here without the government assistance.

COLIN KAHL: Yes. Well, yes. Consistency is overrated. Yes, that's exactly true. Well, I like to think Silicon Valley wouldn't be here without Stanford University, but anyway. (Laughter.)

But I think what the debate in Europe I think has demonstrated in the last couple of years, and I have to imagine this debate will continue and maybe even intensify, is that neither one of those models – the kind of Chinese digital authoritarian model or the American libertarian, Wild West model -- is actually what most of the free world outside of the United States wants. (Laughter.)

And so, obviously, the debate about data privacy, and the disputes between Europe and the United States on those issues, I think, stems from this conversation. But if anything, COVID has highlighted the degree to which Europe is caught in between China and the United States,

and that neither China nor the United States has wrapped itself in glory as a consequence of the COVID pandemic.

And so, I think Europe will look to go its own way, technologically and in terms of regulation, unless the United States decides to rejoin the free world. Part of that will be how we start to govern at home on a whole host of issues – rule of law, regulating big tech -- but also just deciding that our allies in Europe and in east Asia are actually an asset to the United States as opposed to a liability, which is largely how I think our current president sees them.

CASPER KLYNGE: And, of course, this goes to the core of the digital sovereignty discussion that is certainly out and about in Europe right now. And I think, actually, COVID-19 is going to increase or exacerbate that approach. And, fundamentally, it's about having control over your own data, having control over your own technology. So, there is an important sovereignty aspect in all of that.

I think the big question is will that lead to protectionism in Europe? Will that lead to sort of Europe turning inwards, trying to develop the next Googles or the next Microsoft? Not sure how you pick those winners. I think I would be an investment banker instead of doing what I do if I knew that.

But I think the big question here is how do we avoid this becoming the third way that you mentioned before, this becoming sort of a rivalry not only between the U.S. and China, but in fact also between the U.S. and Europe? And we've spoken about this many times before, not on tape, but about how important we both think the trans-Atlantic relationship is. And I would argue that even in a post-COVID-19 world, the values, the liberal western values -- democracy, human rights -- are more important than ever before.

So, I think the rivalry, or the lack of a close trans-Atlantic relationship is something that we should be concerned about. How do we fix that also from a technology point of view?

COLIN KAHL: Yeah, it's not clear to me. First, I think, I think it'll be harder for Europe to go its own way, right? If you could just kind of make a decision to create the next Google, or Amazon, or Apple, or Facebook, or Microsoft, people would do it, because then you'd have a bunch of trillion-dollar companies.

But I do think that, in the absence of efforts by U.S. tech companies and the U.S. government to try make some accommodation with Europe's perspective, we're going to see Europe increasingly go its own way, both, in the first instance, from a regulatory -- regulation, taxation, things like that -- but also to try to make investments to have some sovereignty.

Now, but they're also, of course, taking a lot of investments from China, and the debate about 5G. So, sovereignty is also something that doesn't only cut against the relationship with the

United States. It should be raising concerns, I would argue, even greater concerns, in terms of Europe's interactions with China.

So, what I would hope is that there has to be essentially a two-level conversation in the United States. One is between big tech and the U.S. government about the regulatory framework that makes sense here, and it can't be the continuation of this Wild West framework, but with the second part of this two-level being the U.S. administration being mindful of establishing a framework that also give us credibility to have conversations with other advanced, liberal democracies in Europe and elsewhere on these questions, not because we're going to agree on everything, because we won't.

The United States is probably going to accept things on the privacy front that Europe won't, but I have to believe that we can move closer together and get more on the same page vis a vis one another than we are, in comparison to competitors and rivals among the autocratic countries, for sure.

CASPER KLYNGE: And I think that's right. And one of the reasons why this pod is called Tech Fit 4 Europe is an acknowledgement that, fundamentally, we have to adapt and align with the European agenda. And I think you basically said before that Europe might not have the biggest technology companies or the biggest companies currently around, but from a regulatory point of view, Europe is a superpower that is basically setting international standards. The General Data Protection Regulation is a good example now being adopted here in California, and many countries around the world.

But just going back to the trans-Atlantic relationship, a question that I've been thinking about is, in the absence of political leadership, or perhaps in times of political turmoil across the pond, is that, then, a situation where it's necessary for the private sector to actually step in and provide some of that trans-Atlantic political leadership? In other words, would a company like Microsoft, Amazon, SAP, Siemens on the European side, are we now in a situation where we have to go and show a degree of trans-Atlantic mindset in the middle of the world that we're looking at right now, multi-stakeholder, basically?

COLIN KAHL: Yeah. Well, whether it's defined regionally, or I would be more inclined to describe it in terms of a common set of values that are embodied by the trans-Atlantic commitment to human rights and democracy, but not exclusively so. I would want to have that conversation alongside Japan, and South Korea, and Taiwan, and Australia, and New Zealand, and countries like Israel that don't fit in the trans-Atlantic community, but are major players in tech and are all in their own ways –

CASPER KLYNGE: Trans-Atlantic “hang-arounds”? (Laughter.)

COLIN KAHL: (Laughter.) Yes, but I do think that – look, I understand that corporations have responsibilities, first and foremost, to their shareholders, and everything’s driven by profit. But I do not think that the current ecosystem is sustainable, and that if you can get beyond a quarterly or yearly assessment and think kind of in the medium-to-long term, I think tech companies have to get out ahead of this and realize that they need to be on the side – that if companies that originate from the free world, they don’t have the luxury of not taking a side, that they will have to choose liberal democratic values when they are in tension with the emerging digital authoritarianism in so much of the world, and that the bottom line can’t dictate that decision, that is has to be values oriented.

And I would hope the European companies would feel that way. I know American companies have to start to feel that way, or we will get to the point where there will be not only a very conflictual relationship between American tech companies and Europe, but also American tech companies and the American government. And so, I think just from a rational actor perspective, it’s time for big tech to get out ahead of this.

CASPER KLYNGE: And we’re sitting here in Silicon Valley. Do you think that realization has flown into the corporate executive boardrooms?

COLIN KAHL: I don’t know. I think first of all, we throw around terms like “tech” or “big tech” or whatever, and these companies are all very different, right? Amazon is not Twitter, right? They’re both big tech companies, Amazon being much bigger than Twitter, but it’s a completely different set of issues.

CASPER KLYNGE: Different business models, yeah.

COLIN KAHL: Different business models, different set of issues. I mean, you clearly see, right now, social media platforms, in some ways, agreeing that they all have to crack down on misinformation and disinformation as it relates to the pandemic itself, but having a parting of the ways on political speech and the importance of fact checking, and provocation, and promoting violence or hate or other things. And just think of the very different ways in which Twitter has approached Donald Trump in recent weeks, and Facebook continues to approach Trump ads on their platform.

So, I just think there is a realization among senior tech executives that a reckoning is coming, but that they’re not all on the same page with one another. I also don’t know that the conversation with the U.S. government is systematic and productive enough to actually come to a meeting of the minds.

CASPER KLYNGE: Yeah. Listen, I have to bring in a paragraph or two from your article, which is actually a couple of the sentences that I probably disagree the most with -- (laughter) -- and that is your characterization of the European Union. And I’m being a little bit deliberately

provocative here, of course, but I just want to quote something you wrote in the article. You basically said, as far as I remember, the international institution at the greatest risk could be the European Union with (inaudible) COVID-19 here. Expand a little bit about that, and I'll tell you why I might disagree on that assessment.

COLIN KAHL: Yeah, a couple of things. First thing, and I mentioned this at the beginning of the podcast, I actually think the European Union has started to turn things around a bit in recent weeks. The article was written in early April when things looked pretty bad.

First, COVID didn't happen in a vacuum, right? It happened after 12 years of crisis in the European Union, the 2008-2009 financial crisis, followed by the Euro Zone crisis, followed by the migration crisis, followed by Brexit, on and on and on. So, I think it's hard to objectively look at the European Union today and say that the Union is healthier and stronger than it was a decade or 15 years ago. I think it is weaker, more fragmented, more fractured. Obviously, one of its largest economies has exited. There are significant disagreements between north and south, and between east and west. And so, I don't think we should sugarcoat those.

And in the early days of COVID, it seemed like COVID was playing into all of the worst aspects of this, the re-nationalization of borders, restrictions on medical assistance, a huge debate on economic bailout packages, and especially this very raw north/south debate in Europe between the countries of the north, who are wealthier per capita and don't want to be essentially creating a moral hazard for countries in southern Europe to engage in fiscally irresponsible activities.

And this isn't a new debate. Obviously, this is a debate that has manifest earlier in the Euro Zone crisis, but seemed to come to the fore. And there were a lot of analysts of Europe who kind of, like, could COVID be the straw that breaks the camel's back?

I do think in the last few weeks, we saw the European Union kind of look into the abyss and take a step back. I still think that the European Union lags collectively in terms of its response to the pandemic, itself. I think the responses have been overwhelmingly national. And to the degree that European leaders have stood up, like Merkel or Macron, it hasn't really been the European Union standing up. It's been these leaders standing up in terms of exercising some global leadership role.

But on the economics side, we did see at the end of May a major economic package, I think something like 600, actually 750 billion euros.

CASPER KLYNGE: That's right.

COLIN KAHL: Of which I think more than 500 billion was kind of collective debt that could be provided to countries hit hardest, most especially Italy and Spain, as grants, right? That's

something that, of course, I don't think anybody would have predicted a few months or a few years ago. So, I'm not ready to write the EU's obituary yet.

The other good news is that, thus far, we haven't seen the type of xenophobic, right-wing populist movements in Europe be able to capitalize on the pandemic, that actually, I think there has been such a clamoring for good government and competence that, actually, some of the buffoons out there haven't been able to claim a lot of the airways. So, all that is good news.

The caution I would have, though, is that I'm not sure that the EU's out of the woods yet. First, the first wave of COVID might be receding, but I think we should expect second and third waves until we have a vaccine. Second, the very act of trying to get a vaccine globally is creating its own nationalistic race to achieve that, which the Europeans are trying to push back against a little bit, but that's its own dimension. I don't think the economic crisis has gone away, and I think we should expect it to continue.

I think the other thing that we have to consider, and we haven't really talked about this at all today, but really, we're only in kind of economic crisis 1.0, that is, the crisis that was produced by this overwhelming universal supply and demand shock -- trade, tourism, travel shutting down, but also demand shocks from people losing their jobs, factory -- you know, businesses closing.

But we have other economic crises that could come along. We're seeing historically low oil prices, which is putting huge pressures on countries like Saudi Arabia and Russia, but also countries like Nigeria, and Venezuela, and Iran, and a bunch of smaller oil exporters. And a lot of emerging markets, which were already up to their eyeballs in debt, are now facing historic fiscal headwinds that may make it very difficult for them to either continue getting more debt, or to pay back the debt that they already have, and if you have a bunch of countries or a bunch of huge companies default across the world, then we'll have a financial crisis. What we're seeing right now is not a financial crisis, but we could have a financial crisis.

So, why is that relevant? Because if the global economic crisis that we have doesn't go away, if it's not a V-shaped or U-shaped, but it's kind of W-shaped as you keep having these shocks, then I think we're going to see bitter fights continue in Europe. And I'll say, and Casper, you're probably no better than me, EU did approve this package, but of course, all the countries have to individually approve it, which hasn't happened yet.

CASPER KLYNGE: Yeah, and then you probably know that there's a bit of political turmoil around that package itself.

Listen, a couple of points on that. It's good to hear that you've evolved since late April, when you wrote the article. (Laughter.) I also think that the European Union is in a slightly better

shape than a couple of months ago, and I remain optimistic that we'll actually see a degree of integration continuing.

Two aspects, I think on digitalization, which is dear to my heart, I think actually, the plans of the European Union will be speeded ahead. We're probably seeing two or three years' worth of digitalization being moved forward, simply because of the coronavirus.

The other aspect which we haven't spoken about today is, of course, the next looming crisis on the horizon, which is climate change and sustainability. I think credit to European leaders for saying that, even as we look into the abyss of a COVID-19, we have to make sure that our recovery packages will be sustainable, will take into account sort of a greening of our economies. And I have to say, I think that's a global leadership that will be important in our current situation. Do you think that will spread across the globe, or do you think that will remain a European phenomenon?

COLIN KAHL: I think a lot of it depends on the leadership in particular countries, right, and I'll just use my country as an example.

So, in response to the 2008-2009 financial crisis, the Obama Administration put in place a stimulus package that was in the neighborhood of almost \$1 trillion. But it included massive investments in energy efficiency and renewable energy technologies that actually are one of the of the biggest reasons why the United States was confident in making its commitments to the Paris Climate Accord, because of those investments.

So, there is an opportunity, I think, as all of our countries are pouring enormous amounts of money to keep our economies afloat, that we were actually not just maintaining the status quo ante, but actually making investments in greener economies, more equitable economies, more resilient economies. These are choices. I'm not at all confident that the current administration in the United States is likely to do that. And it also will be difficult to make those types of investments if the Republicans in the United States continue to have control over the Senate because of the way that our checks and balances work in this country. So, I think it is possible, but not inevitable.

But I do think part of this is a mindset shift. I do think that the type of effect that COVID has had on the planet is a reminder of the types of effects the climate crisis could have for decades to come on a kind of repeated basis. And, by the way, some of the second and third-order effects of COVID are already interfacing with climate change.

And I think here, the thing that many of us should look out for is the food security crisis that is going to emerge. It's already starting to emerge, but I think it's going to get worse in the coming – you know, you had a lot of countries around the world that were already facing food insecurity as a consequence of changing weather patterns associated with climate change. You

also had other, freakish events like these unbelievable numbers of locusts in places like East Africa.

And then, COVID hit in a way that disrupted trade, disrupted supply chains, disrupted seasonal labor and caused incomes, in many countries, to plunge, and oil prices to go down. And what you're seeing is already the prices for basic food crops going up. And there are already international organizations and NGOs warning that more people could end up dying from starvation as a consequence of the collision of these preexisting stresses, of which climate change is a part, and COVID, then the pandemic.

CASPER KLYNGE: Almost a perfect storm, yeah.

COLIN KAHL: And so, I do think – I hope that we seize the moment of realization that these trans-national threats are actually the big existential ones, and that as we're making investments in our countries, we think about the future, not just the present.

CASPER KLYNGE: We almost ended up on a positive note, which is always difficult when you have two political scientists in the room. I will try to get us into a more gloomy atmosphere just before we end up, Colin, and that is to toss the final question, which is a couple of positive trends. We're certainly not at the end of this crisis yet. My question is what we've been speaking about, if we look toward a W-shaped recovery, the political psychology of actually having to close down our societies again, is that going to unravel some of the stuff that we saw initially?

And the reason I'm asking this is, on a personal note, I think it will be difficult for all of us – I count myself among them – to do what we've been doing the last couple of months, if we have to do that again two, three, four months down the road, and again in eight, nine, 10 months. So, do you see sort of a danger of that scenario playing out? I guess the question is, fundamentally, if we don't get a vaccine sooner rather than later, will the political fragmentation, will the lack of globalization mindsets be additionally affected?

COLIN KAHL: So, I think a lot of this is going to vary by country. So, in countries that got out ahead of the pandemic by being very aggressive on testing, in countries that had fairly resilient healthcare systems already, you saw that you didn't have to move toward the draconian lockdowns that you saw in the United States. I mean, that happened because the Trump Administration wasted six weeks. So, we didn't have the option of doing what New Zealand or South Korea did.

Now, if coronavirus comes back, will we be in a different position as it relates to testing and contact tracing, and other things such that you don't have to move into lockdown, you can actually have more discriminating measures that protect the most vulnerable populations and isolate individuals who get COVID without locking down the whole economy? I would hope

so. I don't have a lot of confidence in my federal government here, so I suspect that the answer to that question will vary considerably, state by state.

But I will tell you this. I don't see us going back into total lockdown, even if the virus roars back for a completely different reason, which is I just think people won't do it. I just think it's essentially what you said, which is I think people will accept higher death rates.

I'll give you an example. People are still dying by the thousands and thousands every week here in the United States. And yet, the impact of those thousands and thousands is suddenly kind of baked into our psychology. And we're also distracted and focused on other things like the protests, and I get that. That makes a lot of sense to me.

So, I just think the collective psychology will be such that I can't see us going back. And then the question, though, is what does it look like if the pandemic comes roaring back and the collective psychology is we've just got to tough it out. And then, I think we all kind of go the way of Sweden, and the Sweden example is not a good one. I mean, for a while, it was held up on the editorial pages of the *Wall Street Journal* and FOX News as, like, see, you don't – but as it turns out, Sweden has the highest death rates in northern Europe, and its economy isn't any better. So, I suspect just a lot more people will die.

CASPER KLYNGE: We certainly ended in a gloomy way, certainly as I predicted.
(Laughter.)

COLIN KAHL: (Laughter.) Yeah.

CASPER KLYNGE: Colin, I always learn from speaking to you. Such a pleasure to have you on the podcast. If our listeners want to follow you, where can they find you online?

COLIN KAHL: They can find me on Twitter at @ColinKahl.

CASPER KLYNGE: Great, and I can recommend following you. It's always interesting. I think you should give me credit for not asking the really relevant question, do you have plans toward the end of January of 2021? We avoided that question, but I think will ask that once we turn off the recorder here.

COLIN KAHL: I worked in the Pentagon for years, and there's an old saying in the Pentagon, which is that no plan survives first contact with reality. So, I'm making no plans for the future.
(Laughter.)

CASPER KLYNGE: (Laughter.) Great. Colin, thanks very much for being on the pod.

COLIN KAHL: Thanks, Casper.

Tech Fit 4 Europe podcast
Episode 3: The geopolitics of COVID-19
Transcript

[MUSIC]

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