The great social democratic achievements of the twentieth century were in institutional innovation. By engaging with the risks posed to democracy by Big Tech, social democracy can both revive this tradition and reimagine its role. But that means leaving the comfort zone of regulation and campaigning for radically different technological infrastructures.

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

These days, it is all too easy for social democrats and socialists to get a false sense of priorities, and no more so than when it comes to Big Tech and Silicon Valley. Although it is true that social democrats and socialists have traditionally worried about questions of power, rule of law and legality, these things have never been at the top of the social democratic or socialist agenda. The values that have actually driven the social democratic and socialist project have always been egalitarianism, social justice and, I would argue, institutional innovation.

Institutional innovation is not fully understood even by those inside the social democratic and socialist project. But it was precisely by inventing new institutions and new practices that social democracy managed to achieve so much. They include the welfare state and workers’ co-determination, as well as institutions that exist somewhere between capitalism and the public sector.

Take the library system. It’s an institution that works on an ethos and rationale different from those of the market. We do not try to encourage competition between fifty different libraries in order to produce the best results. We recognize that libraries are a public good that require an infrastructure and adequate funding. And we use that public good in order to promote a set of values, some of which have to do with solidarity, cooperation
and egalitarianism. We assume that our background and our class should not be obstacles to our accessing certain resources.

But many of these interventions, from the welfare state to co-determination to institutions like the library, were not just about promoting egalitarianism and solidarity. They were also about making society function more efficiently and prompted a significant amount of social and economic innovation. The welfare state was created not only in order to level the playing field; its founders also believed that it was the most efficient and effective way to structure relations in society. People with something to contribute could take full advantage of the resources available to them and have their say in how society was governed and shaped.

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

Today, we face multiple constraints on our capacity to engage in the kind of social and institutional innovation that would enable the persistence of social democratic values in society. The conditions for the possibility of the social democratic project are being undermined, if you like. The threats to those conditions have many sources. One is the tempo and structure of global capitalism as such. Ever since the financial crisis, there has been too much idle capital lying around searching for an outlet that can guarantee a return of at least six to seven percent. Much of this capital is held not in rapacious hedge funds, but in funds set up by social democratic governments and organizations. The same capital that is being invested in the likes of Facebook, Google, and Amazon is guaranteeing the pensions of many Europeans. Unless there is a quick fix to the global economy, this is a structural condition that will not go away. For the foreseeable future, many people will not be able to get the money they were expecting to get from anywhere other than technology startups and technology platforms. The reality is that the 200 billion dollars eager to be invested in anything that will guarantee a return are the structural condition that we have to confront.

We can dismiss the idea of a European technology fund as hierarchical or draconian. But if we don’t face up to reality, the entire European technology sector, from startups to big companies, risk being overtaken by Chinese capital, Gulf capital, American capital, Japanese capital – you name it. This is something we have been seeing in the last few years.

This is not a plea for economic nationalism. I am not suggesting that we control those industries because they are German industries or French industries. All I’m pointing out is that the prerequisite for a more sophisticated institutional innovation is the ability to shape the path and the direction in which our digital infrastructure develops. At present, that infrastructure, by and large, is in private hands. This applies to data, and it applies to artificial intelligence and to robotics. Without a massive structural intervention of
some kind, which we might not like because it smells of corporatism or something else, we will no longer have any control over the situation.

**Artificial intelligence beyond digital capitalism**

Of course, there many conditions that make institutional innovation harder, not least the difficulty that European states have in coordinating fiscal and industrial policy. But if nothing is done, there will be no opportunity for more radical structural or social innovation. That would mean that the neoliberal project succeeds in its ultimate goal: to prevent any other forms of non-market coordination from scaling up. You can coordinate as much as you want in your family, in your church, in any other unit of social organization, in ways that do not rely on markets. But the moment you present a threat to capitalist accumulation, you get taken out of action.

For me, this is what neoliberalism is all about. It’s about preventing forms of social coordination based on values that have nothing to do with the market and competition from occupying the kind of spaces that institutions like libraries currently do in society. Imagine the neoliberal alternative to the library, where readers are provided with Kindles from 25 different companies and charged for every word, rather than paying a yearly fee and being able to borrow as many books as you want – or paying for that with your taxes. Ultimately, the neoliberal project is about constraining our very diverse repertoires of interventions to just one: competition. How do we solve a problem? We introduce more competition into it.

That’s not to say that competition is bad *per se* or should not be part of the solution. But very often it is seen as the default solution. And when it comes to big tech, much of the debate we are having right now is deeply grounded in this neoliberal episteme. The problem solvers are either big tech or startups. There is little space for imagining alternative configurations of social forces, whether trade unions, worker cooperatives, municipalities or national forces. There is very little effort being put into imagining what kind of legal, political and technological infrastructure would allow us together to create projects equivalent to the welfare state or the many institutions in its proximity. This may seem abstract, but abstraction is precisely what we need in order to take stock of the hegemony of neoliberalism.

I don’t think socialism has lost. But I do think neoliberalism has managed to shrink our imaginations and tie our hands. The challenge now is to survey the new digital ecosystem and get a very basic and blurry outline of what a new set of institutions might be. An idea about where we would be collaborating, where we would be producing new sets of knowledge, where we would be deploying a new kind of public good. Not only in order to promote solidarity, justice and egalitarianism, but also to make our society more efficient and effective.

Just think about artificial intelligence. This is a field where ten companies, five of them Chinese and five of them American, are dumping roughly ten to twelve billion dollars per company per year on research. This intensity of economic concentration is indeed problematic. But does it really make sense to switch to a landscape where you have a hundred firms each dumping two billion dollars into AI? The answer is clearly no. Instead,
we need to be asking how much of the current spending is completely wasteful. The answer is around ninety per cent.

Artificial intelligence is almost a classical public good, something you need to develop once and then make accessible to others. Not only will this drastically reduce costs, it will also potentially increase quality, because you will be able to take advantage of network effects. Today, you have ten AI companies developing an identical set of skills for algorithms and machine learning. All of them are training their systems to recognize photos of cats from photos of dogs, photos of traffic lights from photos of cars, photos of men from photos of women, photos of dark-skinned people from photos of light-skinned people. They are all replicating the same set of functions. There is no better argument for the wastefulness of capitalism than the current race for artificial intelligence.

The situation won’t get better if you simply increase the number of firms from ten to one hundred. What is needed instead is a centralized approach, where artificial intelligence is conceived as an infrastructure with a political economy behind it. You engage in a well-planned way of funding and developing it, and you find a way to make it accessible to different players in the economy – perhaps on different conditions. Big companies may have to pay a higher fee, smaller companies a lower fee and NGOs, activists and startups nothing at all. All of that suddenly becomes possible when we manage to take that one big step towards legal, political and financial institutionalization. This is precisely the kind of institutional innovation that we should associate with the social democratic and socialist project.

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

We have built the welfare state on a very important assumption: that certain services are so important to human wellbeing and society that they must be decommodified. That is why we have decommodified healthcare, education, transport and a few other areas. Unfortunately, capitalism has found a way to penetrate the most intimate domains of our existence. To use an expression often used in German philosophy: ‘it has colonized the life world’. I don’t think that is an overstatement. There has been a systematic effort to commodify every single part of our everyday life, our every single interaction, whether with like-minded people, or political groups or institutions. A pushback against that is long overdue. These digitally mediated social relations must be decommodified to a point where they can actually build solidaristic, egalitarian relationships and promote those values.

The challenge for social democracy

Whatever project social democracy and socialism morph into, they cannot continue to
ignore the crucial importance of reconquering that infrastructure. And yet, given the current composition of the European Commission and the European Parliament, as well as the overall crisis of many social democratic parties, we need to be very sober. The challenge at present is to preserve at least the possibility of reconquering that infrastructure. We have to be completely clear that the social democratic impulse towards institutional and social innovation has today found its outlet in regulatory tinkering. And I think at regulation we do a very good job. The entire European Commission is informed by the idea that we have the rules that we have to follow. Every time a politician associated with a social democratic party talks about regulation, we should applaud them. But we should also ask what else they are planning to do, given the immense political-economic and cultural challenge of digitization. Do they have a particular kind of infrastructure or economic agenda in mind? My feeling is that they don’t, partly because they have found solace in the many possibilities that European regulation offers them.

Don’t get me wrong, I am not against regulation. But the idea that some kind of technocratic regulatory agenda can get us out of this mess is a myth. What’s missing is a much more ambitious political project that can completely redefine what social democracy is in the twenty-first century. This encounter with digital technology provides a life-saving opportunity, because ultimately it allows us to completely reimagine what the social democratic attitude should be beyond merely defending the achievements of the twentieth century.

This agenda does preclude the possibility of breaking up Big Tech. But breaking up Big Tech to get Small Tech is not the goal. It might be the goal for liberals, but it cannot be the goal of social democrats. That should be something else, something that might also involve – if not require – reducing the power of Google and Facebook. A tactical alliance between socialists and liberals is possible, feasible and might actually be necessary.

However, if social democrats and socialists enter into such an alliance without fully understanding the political and philosophical dynamics involved, they will be swallowed up. There is no way they will do a better job talking about competition than liberals. If they keep doing it, the question is why social democracy should even exist. You might be able to use it tactically and strategically to advance your own set of agendas and your own set of goals, but then you need to be very clear about what those goals are. Here there is a gaping hole in the agenda of social democratic parties. It’s a hole they have maybe three or four years to fill. At most. If it isn’t filled, a life-saving opportunity will be missed.

On a practical level, there are two tasks for the next few years. First, we need to specify precisely what the necessary conditions are for this newly constituted social democratic project even to be feasible. That might mean a very different policy on data ownership, it might mean trying to roll out prototypes in cities where a very different digital economy can function based on solidarity and citizen participation. These projects need to adopt a very anti-hierarchical stance and support genuine entrepreneurship. Of course, there are startups and there are startups. Some are predatory by default. But there are also those that pursue a more noble set of goals and do so in a dignified manner.

These need to be tried and be encouraged. Because unless there are real working
prototypes for these new digital infrastructures, which deliver the kinds of values that we want at the local scale, we can forget about convincing anyone to try them out nationally or at the European level. For that, we will need funding and we will need willing politicians who are willing to take risks, in the face of opposition from the real estate industry, in the face of opposition from Uber, Google, Amazon and the rest. Clearly, there will be a lot of opposition. These companies are very powerful, they know what they want and have their project almost completely mapped out on the neoliberal project of preventing any other non-market form of social coordination from actually scaling up.

The second task, in addition to these two or three years of digital but non-neoliberal experimentation, is to embark on an ambitious intellectual journey in which we try to rethink what social democracy in the twenty-first century might mean. None of the social democratic parties in Europe, North America or Latin America have managed to do this well. Instead, they are beset by an ideological and intellectual inertia that stands in the way of inventing the forms of institutional and social association that would allow us to reformulate a vision for social democracy in the twenty-first century.

The neoliberal contradiction

If we manage to achieve some progress on both of those fronts, there is a good chance that social democracy will not just survive but prosper. Because despite the fact that everything is going well for the neoliberal project, despite the fact that companies like Uber, Airbnb, Google and the rest are doing so much to entrench this idea of entrepreneurship and competition, the costs of continuing with the current system are high. So high, in fact, that neoliberals don’t know how to manage them. Markets can no longer solve that problem, even if they ever could. You cannot just create markets for solutions and another set of markets for solutions. You end up with an infinite regression, in which the problems not only remain unsolved but actually accumulate.

So, while we should not underestimate the resilience of the adversary, there will be tactical opportunities to move forward. But unless there is a clearly articulated idea about what is it that social democrats and socialists want, we should expect no progress. It is not a confusion about Big Tech that is the cause of our problems. It’s a confusion about the role and the meaning and the future of social democracy as such. Our confusion about the tech industry is the consequence and not the cause of our problems. If we really want to get a clear head on this, we have to get the clear head on what social democracy means under the conditions of twenty-first-century capitalism.

This article is based on the keynote speech given by the author at the Friedrich Ebert Stiftung in Berlin on 30th October 2019 during the 2019 Digital Capitalism Congress.

Published 21 February 2020

Original in English
First published in Blätter für deutsche und internationale Politik (German version); Eurozine (English version)
Downloaded from eurozine.com (https://www.eurozine.com/digital-socialism/)
© Evgeny Morozov / Friedrich Ebert Stiftung / Eurozine