

Charlemagne

Elon Musk threatens to deepen the rift between Europe and America

Musk is from Mars, Europe is from Venus

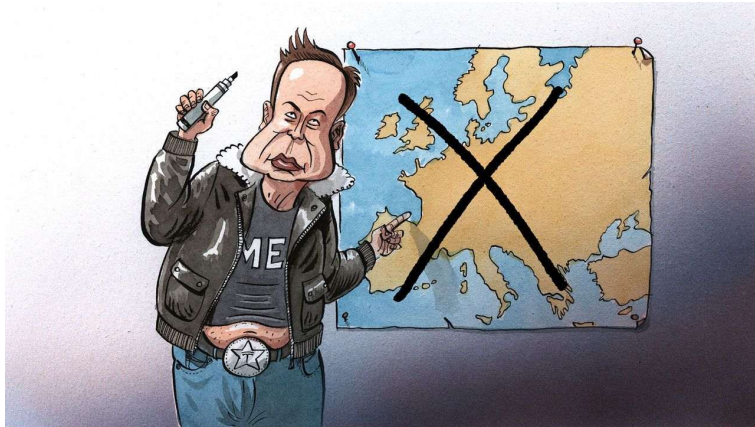


Illustration: Peter Schrank

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A peace of convenience usually reigns between politicians and corporate chieftains. Politicos go easy on businessfolk from whom they hope to secure investments and campaign contributions, while the bosses hold their tongues in the hope of securing subsidies and permits that are in politicians' gift. How refreshing it is to see both sides go at each other once in a while. No brawl has been quite so public in recent times as that pitting Elon Musk against politicians in Europe, often unfolding on X (or Twitter, as the social network was known until he bought it two years ago). Just last week the purveyor of Tesla cars and SpaceX rockets called the German chancellor, Olaf Scholz, a "fool"; earlier this year he advised a European Union commissioner who had crossed him to "Take a big step back and literally, fuck your own face!" The other side can give nearly as good as it gets. Another EU commissioner last month painted the mercurial Mr Musk as a "promoter of evil", before the French foreign minister on November 9th mocked him for running X into the ground. *Zing!*

All this would make for just another day's banter on social media were it not for the fact that the world's richest man is now Donald Trump's right-hand tech bro as Mr Trump prepares for a second term as president. This poses a unique challenge for Europe. As much as the South African-born entrepreneur infuriates the continent's top brass, they already rely on his successful ventures for everything from their decarbonisation efforts (those Tesla electric cars) to fighting the war in Ukraine (where troops depend on Starlink) and launching vital satellites (because Europe often lacks the rockets to do so). If Mr Musk's influence in Washington holds—a big "if", given Mr Trump's track record of dismissing flunkies—it may become politically unpalatable for Europe to lay its regulatory mitts on him. And then what? For decades the EU has had free rein to regulate businesses within its borders in ways that often went on to be adopted across the world, a phenomenon known as the "Brussels effect". Mr Musk has an interest in arguing that this policing superpower cherished in European circles stands in the way of Making America Great Again.

Of all the tech titans that might become Too Big to Regulate, Mr Musk is the most worrying for the EU. He has a dim view of the continent, suggesting to his 205m X followers that Europe "is dying", "appears to be headed for civil war" because of migrants and a low birth rate, and will soon start executing citizens who hold contrary beliefs—quite possibly an exaggeration. Yet Europe cannot ignore Mr Musk. He recently joined a call between Mr Trump and Volodymyr Zelensky, the Ukrainian president, and has spoken frequently to Russia's Vladimir Putin. Beyond pointing out Europe's economic flaccidity, his biggest gripe seems to be how the EU regulates social media. Newish rules known as the Digital Services Act (DSA) force internet giants to moderate content

and remove the worst stuff. To Mr Musk's eyes this amounts to a form of censorship that America won't stand for.

To be fair, Europe has at times played straight into his hands. In August Thierry Breton, then the EU commissioner overseeing the DSA, publicly reminded Mr Musk of its rules on spreading disinformation—just as Mr Musk was readying to interview Mr Trump live on X. The implication was that an American presidential candidate speaking on home soil would have to abide by European rules on free speech, a bizarre overreach that prompted Mr Musk's expletive-laden response. Worse was to come. J.D. Vance, campaigning as Mr Trump's vice-president, fulminated that the Breton episode showed Europe no longer behaved in a manner America should deem worthy of a military alliance. "If NATO wants us to continue supporting them...why don't you respect American values and respect free speech?" he told an interviewer. In other words: give in to Mr Musk's view of how the internet ought to be run, or Lithuania can fend for itself.

The EU backed down, disavowing Mr Breton, who is no longer in the commission. But further fights are inevitable. The bloc opened formal DSA proceedings against X a year ago, and has already preliminarily concluded that it is in breach of some EU rules. Mr Musk has accused Eurocrats of trying to shake him down by offering a "secret deal" (of which there is no evidence). The probe will wrap up soon and could in theory result in fines nearing €1bn (\$1.1bn). Meanwhile the bloc has also imposed additional tariffs on cars Tesla makes in China for import to Europe—but granted it the lowest import-duty rate for any electric-car firm.

The other blowhard

Even without Mr Musk, a challenge to Europe's role as global regulator was in the works. The Brussels effect came into being by accident. EU rules are the end point of compromises between its various governments, and so often suitable to countries beyond the bloc, too, which sometimes copy-and-paste whatever Europe has done. Already the system is fraying at the edges. The new rules, whether on AI or data privacy, fall most heavily on Big Tech groups, of which Europe has none. Could the EU really, for example, demand that a tech giant be broken up on antitrust grounds? How would Mr Musk and his pal in the White House react?

Silicon Valley tech giants are delaying launches of some products in the European market, such as AI assistants, ostensibly to give themselves time to obey the bloc's cumbersome regulations. The suggestion is clear: Europe is shrinking as a share of global GDP, and they can live without it if its rules are annoying. The message may be getting through. On November 12th the proposed new EU commissioner overseeing tech, Henna Virkkunen, told the European Parliament that new laws are "not the answer to everything" and that policies to bolster innovation might be needed instead. That sounds like something Mr Musk could have said. ■