



## A US-European Crisis Over Privacy Invasions? Part II

*Jacob Funk Kirkegaard says that European outrage over US spying will affect trade negotiations and limit the ability of US internet companies to operate freely in Germany, France, and elsewhere on the continent.*

*Transcript of interview recorded October 29, 2013. © Peterson Institute for International Economics.*

Steve Weisman: The furor over the United States spying on European leaders and Europeans themselves with the use of high technology has created a new division across the Atlantic. Jacob Kirkegaard of the Peterson Institute for International Economics is here with me, Steve Weisman, in a second conversation to talk about the implications politically and economically.

Jacob, is the outrage in Europe sincere or is this posturing?

Jacob Kirkegaard: I think it's very important to draw a distinction between European government executives and European legislatures. I don't think there's any doubt that in European legislatures the outrage is genuine and it probably also reflects the views of the electorate. That is less true of European executives because governments everywhere, in the United States and in Europe, like to have as much information as possible about everyone else and about their own citizens. When you hear that France and Germany are going to seek a new privileged or a new framework for intelligence gathering with the United States, I basically interpret that as France and Germany wanting the same privileged relationship in terms of intelligence that the English-speaking countries in the world—the UK, Britain, Canada, Australia, and New Zealand—have had for many, many years.

Steve Weisman: I'm surprised that Germany and France don't already have the same level of confidential sharing of information that these countries you just mentioned have.

Jacob Kirkegaard: Yes. I think you're right. I think it's kind of ironic, especially if you're French, right? It's the French that have been really out there and willing to help the United States in Syria. They did the Mali operation. Whereas I'm certain if you ask a French foreign policymaker, he would say, "Well actually the British haven't really been that much help in terms of business on the ground recently." So no, that is a surprise. But what it means is that in some ways this new type of relationship that they're seeking is basically, or at least if you take it as a guideline what the relationship with the Anglo-Saxon world entails is that there is a kind of a mutual nonaggression pact -- that you agree not to spy on each other and that you have privileged information about others.

So ironically what the French and the German in some ways are seeking is one, of course, not to be spied on by the United States, but secondly, have a more privileged access to information sharing. They want more information, which is what governments everywhere wants all the time.

Steve Weisman: Jacob, you have a background in Intelligence. Do you think that the Europeans basically carry out the same sort of monitoring of conversations that the United States does?

Jacob Kirkegaard: I think governments everywhere want as much information about their partners, about their adversaries and about their own populations as possible. It's just an unfortunate, ingrained element to intelligence gathering anywhere. To the extent that the Europeans have the technical capability to do so, yes, I think they are doing it. But there is sort of an imbalance of power here, because there's no doubt that the United States in the last decade or so has invested so much money in the capabilities of the NSA that they are now light years ahead of the capabilities of European governments and even further ahead of the capabilities of major emerging market governments. So what you have is essentially that there is a reaction. I wouldn't call it jealousy, but there is a reaction that, look, we want this to stop because we recognize that we have no way of matching it vis-à-vis the United States, or retaliate if you like.

So I actually think that in some ways, and we have already seen that with the cancellation of the visit of President Dilma [Roussef of Brazil] to Washington, that in some ways the outrage is more pronounced at the executive level in the emerging markets than it is in Europe, where clearly [German Chancellor] Angela Merkel who is personally, heavily involved and engaged in the new TTIP [Transatlantic Trade and Investment Partnership] free trade negotiations across the Atlantic isn't really, I think, going to kick up such a big fuss about it in the end.

Steve Weisman: OK. You mentioned the TTIP negotiation that's underway. How is this going to affect that, given what you just said, which is that the German or the European population is more concerned about this than perhaps their executive leadership?

Jacob Kirkegaard: I think it's going to raise the threshold for parliamentary or legislative approval of any such agreement. Basically there's going to be more ironclad control over things of this nature and in particular about data privacy more broadly. And that will have, I think, very direct implications for parts of US businesses.

Steve Weisman: Including?

Jacob Kirkegaard: Including Google, Facebook, every business that does a significant number of transactions, etc., over the Internet and therefore collects the personal information of their customers. The Europeans are going to be much, much more reluctant to share that with or allow Internet providers to share that or even retain it because of the now revealed actions of the United States government. So part of the cost from this will be borne by US IT services and Internet companies, which I think will not get at the margin the same kind of business opportunities in the European markets with this personal data of customers than they otherwise might have.

Steve Weisman: Thank you, Jacob. That's very interesting.

Jacob Kirkegaard: My pleasure.

