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From factories to platforms: European institutions and the challenge of digital inequality

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20 November 2025

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The platform world

- Simon's Martian today would observe green areas expanded into immense translucent platforms, the infrastructures of a new economic coordination.

- Forces that are redefining the processes through which value, power, and meaning are produced and distributed within society.

The two revolutions

- The industrial revolution constituted a process of functional expropriation, in which human expertise was displaced by mechanical processes and labour subordinated to the rhythm of machines.

- In the digital revolution the primary mode of expropriation is the extraction of value from *human activity*—labour, data, and cognition—through algorithms and platforms.

Inequality growth/1

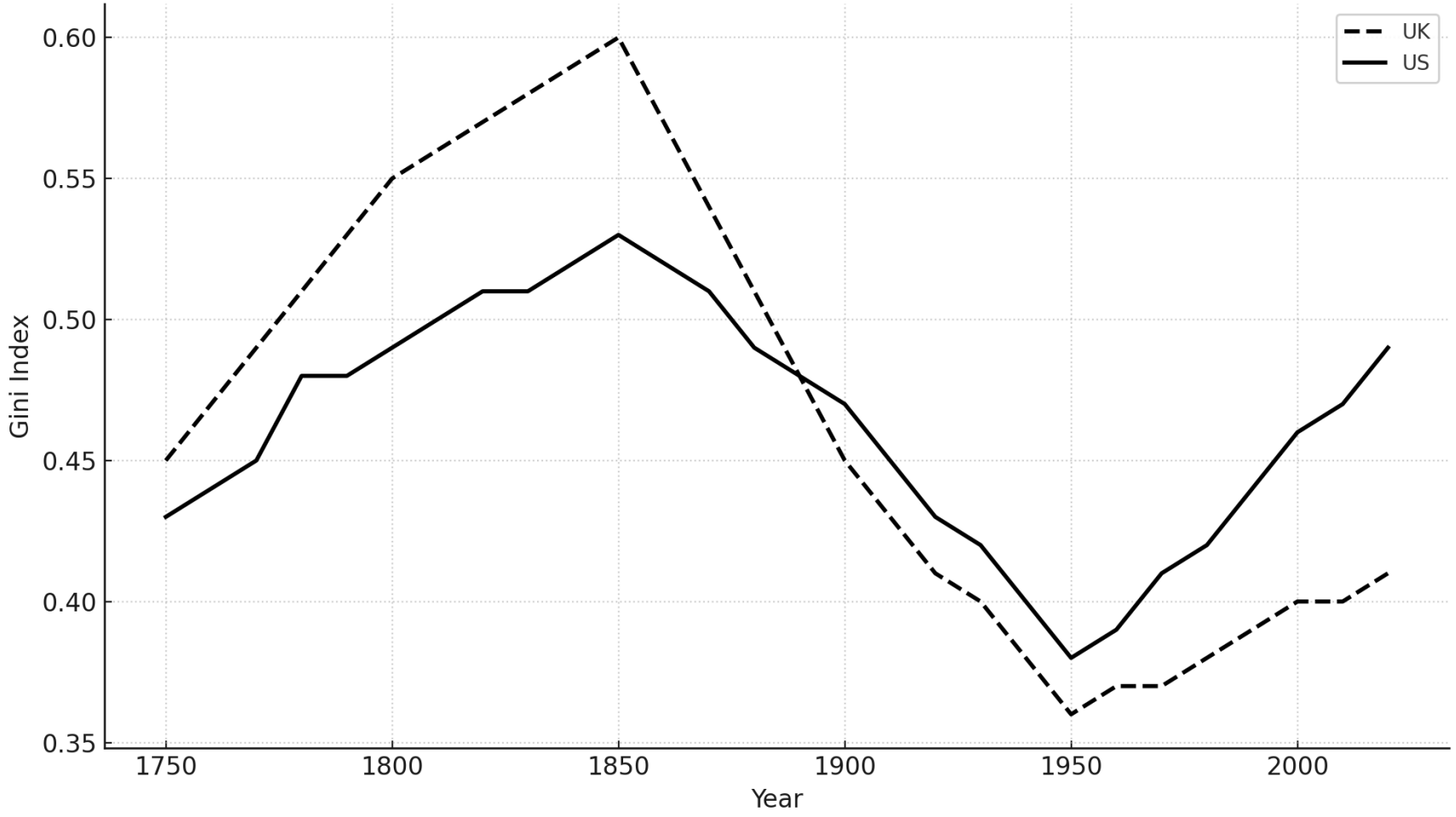
- In Britain labour's share of national income declined steadily from roughly 75% in 1750 to around 68% by 1850, remained in the 60–65% range for more than a century, and then started to decline rapidly again after 1980, reaching about 55% per cent in 2020. The United States displayed a similar pattern.
- Economic historians have long traced the rise of inequality during early industrialisation. Britain's Gini index rose from roughly 0.45 in 1750 to around 0.60 by 1850—a 33% increase—while the United States displayed a similar but somewhat milder pattern.

Inequality growth/2

- A simple comparison of linear trends reveals a clear structural break in the evolution of the labour share. Between 1750 and 1850, the Labour Composite declines about 0.11% per year in log terms.
- In the digital era (1980–2020), the slope more than doubles to about around 0.26% per year in log terms, an acceleration of over 100% relative to the first industrialisation period.
- Inequality according to Composite Gini index rose by about 0.23% per year in 1750–1850 versus 0.38% per year in 1980–2020, this difference is also statistically significant.
- The digital revolution, starting in the 1980s, exhibits a rise in inequality more than 40% steeper than the first industrial revolution.

Inequality pictures/1

Figure 2. Gini Index in the UK and US, 1750–2020



Inequality pictures/2

Source: Based on (Zenner, Marcus, & Sekut, 2023)

Optimistic message from history?

- Market expansion disembedded the economy from social norms, provoking disruption before triggering protective responses that gradually re-embedded markets within social institutions.
- This historical sequence - technological disruption followed by institutional re-embedding – provides a conceptual lens for the digital transition, where such counter-movements are still embryonic.

What needs to re-embed?/1

- Economic inequalities in the digital era are structural, they originate in the architecture of digital markets and the institutional power of platforms, not in isolated misconduct.
- Digital markets tend toward high markups, low marginal costs, and capital-biased production technologies
- The rise of digital superstars contributes to widening interpersonal inequality.
- High-income earners disproportionately hold shares in the most profitable technology firms, while workers face polarisation between high-skill digital occupations and precarious, low-skill service roles.

What needs to re-embed?/2

- The cost-structure dynamics that create “superstar firms” generate “superstar voices”: a highly skewed distribution of attention in which a tiny number of actors dominate visibility while most others remain substantially invisible.
- Inequalities of wealth and market power translate directly into inequalities of attention and influence.
- The asymmetry of information between platforms and users mirrors the asymmetries of power between factories and workers in the industrial revolution.
- Cultural inequality in the digital sphere is thus not merely a technical issue but becomes a structural threat to democratic resilience.

How to re-embed?

- Digital infrastructures may be understood as *digi-commons*: enabling systems that make the production and exchange of other goods—knowledge, communication, innovation—possible.
- Digital capitalism rests on a structural asymmetry: value creation is collective and distributed, whereas value capture is centralised and exclusive.
- This suggests shifting the lens toward institutional design, conceptualising digital infrastructures as *digi-commons* whose governance determines whether value creation remains collective or becomes privately appropriated.
- Digi-commons require governance not as a correction to market failure but as a constitutive dimension of value formation.

The EU present attempt

- Europe's strategic priority is to place infrastructure design at the core of its digital sovereignty project but at present the response to the digital transformation is simply evolving along the three interrelated trajectories.
- A regulatory strategy often described as the "Brussels Effect": the attempt to project regulatory standards globally through the gravitational pull of EU internal market.
- An industrial strategy based on the metaphor of an "Airbus moment" for the digital sector—an industrial effort capable of producing European champions in cloud, AI, and semiconductor technologies, akin to what Airbus represented for aviation in the 1970s.
- A civic strategy, calling on a diverse ecosystem of grassroots initiatives: open-source software foundations, municipal digital platforms, data experiments, which all reclaim digital infrastructures as shared resources governed according to public value.

The EU present limits

- The regulatory strategy hinges on a paradox: Europe governs platforms that it neither owns nor hosts and disciplines infrastructures whose physical layers remain elsewhere.
- The industrial strategy exposes the difficulties of a Union that lacks a central fiscal capacity able to sustain investment at scale; fragmented capital and venture markets; and scarce coordination among Member States that often turns into industrial competition rather than cooperation.
- The civic strategy suffers from chronic fragility. Initiatives remain local, underfunded, and dependent on short-term project cycles. They demonstrate that democratic participation in digital governance is possible, but not easily scalable.

The way forward

The objective is not to merge the three trajectories into a single model but to ensure functional interdependence: regulation should create the legal conditions for open infrastructures; industrial policy should internalise principles of interoperability and accountability; civic initiatives should feed empirical knowledge and social legitimacy back into institutional design.

Standards deliberation provides a tangible mechanism for linking Europe's multiple trajectories. They can act as connective tissue between regulation, industry, and civic participation transforming democratic deliberation into technical design.

Digital sovereignty should be understood not as a final state but as a continuous process of balancing legality, capability, and participation under conditions of uncertainty.

Regulatory ambition, industrial capacity, and civic participation should be conceived as mutually reinforcing constraints to keep the EU ecosystem open, contestable, and trustworthy.

The end

- The European Union is relatively well positioned to lead a systemic response.
- Europe's true challenge is not to regulate global platforms—or to build a European one—but to establish the institutional conditions under which all platforms remain or become subject to democratic control.
- The digital revolution demands a renewed phase of institution-building.
- Only by transferring democratic principles into code and governance can Europe turn its current technological dependence into a new form of shared sovereignty.

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Thank you!

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Co-funded by the Erasmus+ Programme of the European Union

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