

An aerial photograph of Zurich, Switzerland, showing the city's layout with its characteristic red-tiled roofs, green spaces, and the Limmat river. The ETH Zurich campus is prominently featured in the center, with its large, domed building and surrounding modern structures. A yellow construction crane is visible in the lower right corner, and a bridge spans the river in the upper left.

# Moderating Digital Platforms *Week 4: Safety & Risks and Regulation and Innovation*

**Raquel De Haro & Luka Nenadic**

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# Agenda

1. Presentation by Carlotta Rigotti
2. Interactive Case Study
3. Regulation & Innovation



GitHub Repository

# Regulation and Innovation (Bradford, 2024)<sup>1</sup>

## The Prevailing Narrative

- U.S. View: Tech success is linked to a free-market, anti-regulation stance.
- EU Path: Stringent regulation to align the digital economy with specific values.
- Noticeable lack of European “Tech Giants”
- Common Conclusion: The EU's approach has stifled innovation, causing a "tech gap."

→ *Do you agree with this narrative? Why do you think that it may be misguided?*

1. Bradford, Anu. *The False Choice Between Digital Regulation and Innovation*, Northwestern University Law Review, Vol. 118, Issue 2, 2024. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4753107](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4753107)

# Regulation and Innovation (Bradford, 2024)<sup>1</sup>

## The EU's Structural Issues: Four Underlying Problems

- 1) Fragmented Market: A lack of a true "Digital Single Market" prevents scaling.
- 2) Difficult Access to Capital: Underdeveloped capital markets limit funding for ventures.
- 3) Punitive Bankruptcy Laws: These policies discourage entrepreneurial risk-taking.
- 4) Talent Deficit: The EU struggles to attract and harness global tech talent.

*Accordingly, the EU's tech deficit is not primarily caused by its digital regulations.*

1. Bradford, Anu. *The False Choice Between Digital Regulation and Innovation*, Northwestern University Law Review, Vol. 118, Issue 2, 2024. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4753107](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4753107)

# Regulation and Innovation (Bradford, 2024)<sup>1</sup>

## The Three Real Success Factors of the U.S.

- 1) Dynamic Capital Markets: Deep, integrated markets fuel innovation.
- 2) Entrepreneur-Friendly Laws: Insolvency laws encourage risk-taking.
- 3) A Magnet for Talent: The U.S. (still) effectively attracts global innovators.

→ *Can you think of pro-competitive implications of regulation?*

1. Bradford, Anu. *The False Choice Between Digital Regulation and Innovation*, Northwestern University Law Review, Vol. 118, Issue 2, 2024. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4753107](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4753107)

# Regulation and Innovation (Bradford, 2024)<sup>1</sup>

## The *Pro Innovation* Aspects of Regulation

- 1) Stringent regulation does not automatically undermine technological progress.
- 2) It can direct innovation toward socially desirable goals (privacy, fairness, safety).
- 3) It can level the playing field, preventing incumbents from stifling competition.
- 4) The core strengths (capital, laws, talent) of the U.S. would remain intact with regulation.

→ *What are the theoretical and practical issues to implementing more stringent rules in the U.S.?*

1. Bradford, Anu. *The False Choice Between Digital Regulation and Innovation*, Northwestern University Law Review, Vol. 118, Issue 2, 2024. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4753107](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4753107)