

Sweden's lead as tech nation could fade away

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To ensure Sweden gets the best out of future digitalization opportunities, the country's legislation urgently needs to be updated, writes Swedish economist Mårten Blix.

Housing and IT Minister Mehmet Kaplan recently received the government's Digitalization Commission's report in his inbox. It raises strategic issues for the future of Sweden. But the real tools to make any changes lie with other ministries, especially the finance and justice ministries.

Legislation that set the foundations to take advantage of the benefits of digitalization is far behind. The issues at stake pose big questions, including how many new jobs will be created compared to those that disappear through automation.

To avoid tax hikes in municipalities, the pressure on the efficiency of welfare services is about to increase significantly as the population is ageing. Another concern is red-tape and complex rules for the private sector. There is a serious risk that our advantage as an IT-nation will erode, and it is not primarily about the need for more public funding.

In order not to miss the opportunities of digitalization to improve prosperity and create new jobs, a concerted effort is required to review the number of laws and regulations which are stuck in an analogue age.

For that to happen, we need strategic guidance from the highest levels and targeted cooperation between lawyers, experts in the government and in the governmental agencies.

It also requires a stronger organization of how digitalization issues get handled by government offices in order to facilitate difficult trade-offs and contribute to sustainability.

Data in all its forms may be the area where the potential benefits of digitalization are most underutilized - and also where the political obstacles are the greatest. This creates difficulties because the short-term political risks of mistakes can be large, while gains in the form of new jobs only come much later.

The European Parliament has pushing hard to stop the further use of personal data. It is a stance that has been strengthened by Edward Snowden's revelations of extensive electronic surveillance. Concerns that sensitive personal data may go astray create fears of a society where the private sphere is not respected and where the limits of what can be commercialized are stretched more and more.

It is most definitely right to protect personal privacy, but we are doing it the wrong way. It should be possible to create legislation that meets the legitimate concerns of how data is used, but at the same time makes it possible to take advantage of the potential that exists in a number of areas.

There are, for example, experiences from Denmark which show the great value of open data for businesses and the public sector, which have improved welfare services for citizens as well as providing new services from entrepreneurs and helping authorities make savings.

Not least in health can our smartphones give us information and advice. The technology already exists. But uncertainty about the legal framework implies is not only big – it is growing. This is particularly the case with regard to the so called General Data Protection Regulation, which was recently negotiated in Brussels. Instead of facilitating innovation and growth, we have ended up with more red tape, high administrative costs and the risk of heavy fines.

This can certainly create jobs for regulatory experts and compliance officers, but not the productive jobs that Europe needs. It is vital that the the regulation be implemented as pragmatically as possible. Otherwise, the creation of new jobs and digital services will be impeded, such as technology that makes it possible to continue reducing fuel consumption of smart and connected trucks.

In order to take better advantage of digitalization opportunities, the government should consider:

- Placing the overall responsibility for digitalization in the Prime Minister's office, with a clear mandate to reform national regulations and also with the power to contribute positively to international negotiations, especially with regard to data. In addition, a chief economist position should be created at the Department of Justice to ease dialogue with other ministries about the rules and regulations concerning digitalization.

- Urgently give clear mandates to relevant governmental agencies to identify the obstacles and opportunities linked to digitalization in their areas of responsibility. Digitalization affects almost everything, and data protection regulations can directly inhibit new jobs and services.

New organization on its own will not be enough to create constructive rules and reach decisions, but in the same way that the framework for fiscal policy helped budget discipline, it will become easier for political institutions to make the necessary trade-offs. On the one hand, this includes the need for protection, which limits the access and usage of data, and on the other hand, it includes measures which allow digitalization to provide better conditions for growth in the longer term.

We are now facing a choice that decides how great the benefits from digitalization will be, and if we can improve welfare services without tax increases.

We can choose to create new jobs and services tailored around digitalization in Sweden, rather than later being forced to import technological solutions made in Silicon Valley.

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