A modern, future-proof welfare state

How we can make the digital revolution work for everybody

Read this article in German or Russian.

Policy makers have a history of underestimating the impact of digitalisation. It's why we need to abandon our observer status and actively start shaping this dizzyingly paced process of technological development.

And it's social democracy that must come up with answers to this technological revolution, ones that will benefit us all. Progressives in Germany have been pushing structural change for 155 years – since the foundation of the German Social Democratic Party in 1863 – and we know that education is the key to stopping people from fearing change.

Digitalisation is a process that will comprehensively and fundamentally change the way we live, the way we communicate and above all the way we work. Our interconnected world of people and things is also changing the timeframe and scope for political action and decisions. This makes it all the more important that we find solutions to the central challenges that lie ahead.

How should governments and lawmakers deal with their citizens' data in the future? How can we regulate platform companies whose business model is predicated on the collection of such data?

Open up data

Platform companies pose a risk to traditional industrial nations like Germany. The way in which these businesses separate product and service has allowed them to penetrate traditional value chains. This brave new world requires novel answers from the government, new strategies for traditional companies and new employee protection regulations.

The economic models of old that relied on generating a demonstrable

profit won't suffice. When entire markets can be taken over in lightning-quick raids financed by risk capital, platforms that participated in a market increasingly become the market in their own right. The end result are monopolistic structures. Against such a background, the social market economy as we know it has a limited regulatory effect.

The core question in terms of social and employment market policy is: How can we ensure that technological development benefits everybody?

So what should we do? I think we should require platform corporations to open up their data, algorithms, indexes and source code, and share all this information with other companies.

Just like railway companies, platform companies such Facebook should be understood as infrastructure companies. In theory, anyone can start a new railway company. But building a network of train tracks that can compete with that of the monopoly supplier would likely take any start-up competitor decades.

Facebook software should similarly be made available to third-party services without discrimination. This is not something that can be achieved at a national level; this is the stuff of international trade agreements.

Let everybody win

We also need to future-proof the employment market, education and the welfare state for the decades to come. Because when most people think of digitalisation, the rollout of broadband services comes to mind. We need to go far beyond that.

The core question in terms of social and employment market policy is: How can we ensure that technological development benefits everybody? What should we say to a 45-year-old who has been doing the same job for the past 25 years – and whose job will no longer exist in its current form five years from now?

I suggest that we give everyone an ‘opportunity account’. This fixed sum of money can be used to pay for training and qualifications, to take a sabbatical or to launch one’s own company. And the money in this opportunity account remains in place for a person’s entire working life. After all, the most important thing is to train people for the new era and to take away their fear of change.

We need to work out how a modern welfare state can continue to provide security in a fast-changing world in the year 2025, the year 2030 and beyond.

Our social democracy must also seize the opportunities of digitalisation for workers so that corporations and platform companies aren't the only ones reaping its fruits. Employers have for years insisted on ever greater employee availability at all hours of the day and night, without offering commensurate wage compensation.

I am in favour of 'choice-based working time', a model in which employees are free to choose where, when and how many hours they put in so that they can also enjoy the benefits of digitalisation. And why not use the 'digital dividend', or the gains companies are making thanks to digitalisation, to reduce weekly working hours with full wage compensation?

A new solidarity principle

In left-libertarian circles, the concept of an unconditional basic income has been in fashion for some time now. I believe this is nothing but window dressing. Unconditional basic income is a concept that detaches the welfare state from working society. Unlike some futurists, I do not foresee an end to work but permanent changes to how we will work.

Employment is a building block of our identity and the key to social participation. This is what proponents of an unconditional basic income tend to forget. In the worst-case scenario, an unconditional basic income could amount to state subsidisation of low wages and produce a schism in society between the employed and the unemployed. The unconditional basic income model also doesn’t address redistribution questions.

What we need is a new solidarity principle and greater appreciation for voluntary work. The call Berlin mayor Michael Müller has made for a ‘basic solidarity income’ is an important step in the right direction that merits consideration.

We need to work out how a modern welfare state can continue to provide security in a fast-changing world in the year 2025, the year 2030 and beyond. The opportunity account, the basic solidarity income and choice-based working time model offer three potential solutions.

Social democracy has the power to address these questions in an open debate. It’s a debate that will likely be heated at times and for good reason. But the end result will be a future-proof, resilient welfare state that offers great answers to the great questions of our time.



Thorsten Schäfer-Gümbel
Gießen

Thorsten Schäfer-Gümbel is deputy chairman of the German social democratic party as well as state and parliamentary leader in Hesse. His last book appeared in 2018: *The Social-Digital Revolution*.