HOW EQUIPPED ARE THE EUROPEAN WELFARE STATES FOR THE DIGITAL TRANSFORMATION?

Fact-Finding Seminar on Digitalisation
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Digitalisation:
„Integration of digital technologies into everyday life by the digitization of everything that can be digitized.”

(http://www.businessdictionary.com/definition/digitalization.html)
The **DESI** is an index consisting of five dimensions. It examines how EU states are developing to become a digital society. The index developed by the EU Commission (DG CNECT) comprises connectivity, human capital, internet usage, integration of digital technologies and digital public services (e-government). The index varies between 1 and 0, with 1 as the highest score. Source: http://ec.europa.eu/digital-agenda/en/digital-agenda-scoreboard; 28 September 2016.
Digitalisation and Income inequality

Digitalisation / DESI Index (0-1) vs. Income Inequality (80/20 Quintile ratio)

Countries represented:
- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom
- EU-28

Graph showing the relationship between digitalisation and income inequality across various countries.
How far have developments in individual welfare states progressed?

How is labour market policy changing?

What role does innovation policy play?

What effects does digitalisation have on healthcare systems?

What further developments can we expect?

How can we use digitalisation for modernising the welfare state?
Digitalisation and Welfare State

Two Dimensions:

1. Digital transformation is creating a new age of industrial production (i.e. Industrie 4.0) = external modernisation effect
   The processing of these changes and challenges needs to be supported by the welfare state.

2. Digitalisation of the welfare state redistribution regime is causing internal modernisation effects (i.e. E-Health/TeleCare; Work 4.0)
   Digitalised provision and administration of welfare services (Health, Care, Labour, Education).
Datasource: DESI
Inequality and Digitalisation

Income Inequality (Quintile ratio)

DESI - Digitalisation

Countries:
- Sweden
- Finland
- Denmark
- Germany
- UK
- Estonia
- Spain
- France
- Italy
- EU 28
“Social standards are not downsides for economic growth, but rather form the foundation of innovative societies in which both producers and users benefit from faster, more successful and more customised innovations.” (Andersson et al. 2016)

<table>
<thead>
<tr>
<th>Social Inequality</th>
<th>Modernisation</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Internal</td>
</tr>
<tr>
<td>low</td>
<td>Sweden (also Denmark, Finland)</td>
</tr>
<tr>
<td>medium</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>high</td>
<td>Estonia</td>
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</tbody>
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Modernisation and social inequality (Buhr et al. 2016)
 iiit-Innovationsfähigkeitsindikator

Source: iiit 2015
Trust and life-satisfaction

\[ R^2 = 0.8065 \]

Quellen: Weltbank, Europäische Kommission, ESS, Eurobarometer, OECD, Bloomberg; eigene Berechnungen/Schätzungen 2015

Source: Enste/Möller 2015
Thank you.

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