

# The Digital Transformation in Europe: Time to Focus on Citizens

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The impact of digital transformation on our economies and on our citizens' lives is already broadly felt and will only continue to grow. Although many aspects of this transformation remain unknown, we, the European People's Party (EPP), believe that digitalisation and an open, secure, reliable and interoperable Internet are enablers for inclusive economic growth — accelerating economic development by enhancing productivity and by cultivating new markets and industries — and that they offer us the tools needed to address societal challenges. Technological developments offer new opportunities to stimulate citizens' involvement in the democratic process and ultimately aim to close the perceived gap between the institutions, on the one hand, and citizens, on the other. But we also acknowledge that as digitalisation transforms organisations and markets, this will create challenges for inclusiveness, security and equality as well, putting to the test labour markets as we traditionally conceive of them.

As President Juncker has said, our citizens and our economy have already gone digital, and Europe needs to work to empower both.

Regarding the economic component, the European Commission, through the Digital Single Market (DSM) strategy, has committed to turning the Internal Market into a Digital Single Market by removing existing online barriers and by tearing down regulatory walls. The EPP, having fully supported the DSM strategy, reiterates its call on Member States to maintain a high degree of ambition vis-à-vis the DSM strategy. It also calls on Member States to commit to swiftly agreeing on the proposals already tabled by the European Commission so that they can then ensure timely adoption and implementation. In this context, the EPP stresses the importance of digitising public administration, which will increase transparency, improve data collection and services to citizens. In order to succeed in this, enhanced investment at all levels of governance is needed to accomplish the digital transition and to foster public sector innovation, including services in cross-border regions and remote areas. Only then will Member States, businesses and citizens be in a position to innovate and reap the rewards of digitalisation — rewards which, even today, go far beyond mere ICT markets and which touch every aspect of our economy and our society.

Regarding EU citizens and the impact for them of digitalisation, much work remains to be done. Job displacement and the advent of automation brought about by new technologies, such as Artificial Intelligence (AI), Big Data, Blockchain or robots, are perceived as a real concern by citizens. As reported in the last Eurobarometer survey, 74% of Europeans expect that due to the use of robots and Artificial Intelligence, more jobs will disappear than new jobs will be created; 72% of respondents also believe that robots steal people's jobs — although they have a positive attitude towards recent technologies in general, with 75% of respondents reporting that recent technologies for the most part have had a positive impact on the economy: 67% responded that these technologies have had a positive impact on their quality of life and 64% reported the same sentiments with regard to society as a whole.

While not embracing a pessimistic view, it is important that the European Union, together with its Member States, take citizens' fears and uncertainties seriously (even if these perceptions are sometimes based more on perception than evidence). As for the EPP, we strongly and consistently affirm that digitalisation is and will be a major driver for economic growth and job creation, and that in order to address this transformational change, we must initiate a significant process of adaptation — a process whose pace will be key. At the same time, we have to ensure that the digital gaps between Member States will be reduced.

## Digital jobs

As has been the pattern in previous technological advances or revolutions, digitalisation will have an impact on jobs. New digital business models already generate income for many Europeans, but also put longstanding incumbents under increasing pressure. The job-destruction rate of automation should be balanced by the job-creation power of economic growth brought about by increases in productivity and new business models, such as the sharing economy. But to reach this balance, we will need to modernise and adapt the welfare state and social norms at the same rate at which disruption is taking place.

This adaptation process should take into consideration active labour market policies that ensure workers an adequate level of social protection — a level equivalent or comparable to the one they enjoy currently. Social security systems may need to include some forms of self-employment and atypical forms of employment, supported by digitalisation — and accommodating the desire for more work/life balance — which are not currently being covered. Adaptation should also ensure that fiscal policies reduce inequality gaps resulting from shifts in the labour market.

Some ideas have been raised concerning ways to compensate for the effects of automation: these range from a universal basic income to taxing robots. While we welcome the pilots and experiments being carried out in some cities and regions (such as in Finland and the Netherlands), the point remains that “there is no magic bullet for poverty” and inequality. We therefore acknowledge that these tools might be valuable instruments, but only when contextualised within a broader strategy and when targeted such as to maximise effectiveness.

## Investment in digital skills

Unlike our parents or previous generations, people will now be expected to change jobs more frequently. As connectivity spreads and mobility increases, the talent pool is becoming more and more global, increasing considerably the degree of competitiveness in the labour market. All of these changes are shifting to citizens the burden of change and challenging their ability to adapt their skills.

We need to work vigorously to ensure citizens have the adequate skills to thrive in the digital economy. Access to education and training, and to continuous skills development such as lifelong learning and reskilling, is the best safeguard for citizens, including older workers, as they face the transformative nature of job digitalisation.

The EPP reiterates its commitment to be an active promoter of quality education and training, and we therefore believe that the availability of digital skills through education and training systems should be expanded. Programmes at all levels and sectors of education should be updated, and digital skills, such as coding and critical thinking, should be part of the core competences required at every level. We also need to promote access to training for employers through their professional or sectoral organisations and associations, or through governmental channels. Other transversal skills relevant to employers, such as “soft skills” and communications skills, should be included as part of the skills strategy; but access to funding for digital technologies and digital skills development will also remain vital. Even more importantly, we should reduce the digital divide by focussing on those citizens who do not possess any digital skills at all and who are at risk of being marginalised not just in the labour market but in everyday life.

2. OECD: Basic income as a policy option: Can it add up?

## **Fighting the digital divide**

On top of the need to skill or reskill citizens in order to reduce the digital divide, access to connectivity will play an equally important role. This means providing access to the Internet — an Internet which works at an acceptable speed and comes at an affordable price. According to the Eurostat statistics on e-commerce, the price of, and access to, the Internet in southern regions are unequal to those in the north. It is also reported that, for instance, in Germany and the United Kingdom, approximately four out of five people made a purchase over the Internet within the last year, while in Italy and Spain, fewer than 50% of people shop online; in Romania, that number falls to just one in eight. The digital divide in cities and rural areas that is still persistent in some Member States must be thoroughly addressed.

We thus strongly believe, on the one hand, that digitalisation is an enabler for inclusive economic growth, and, on the other, that we must ensure that all EU citizens have the opportunity to be net contributors to, and beneficiaries of, an economy and society fast becoming digital; and we believe this synergy can be achieved by providing equal levels of connectivity and price affordability, thus avoiding a deepening social and economic exclusion. In this context, we highlight initiatives such as the recently announced Broadband Platform by the European Committee of the Regions, which will ensure a high level of engagement between public and private entities for broadband investment and the implementation of national broadband plans.

## **Being at the forefront of the digital transformation**

The European Union needs to increase its efforts to promote the uptake of digital technologies by European industry so that these can be spread across the economy. Only by advancing the adoption of digital technologies can we ensure that the economy fully takes advantage of new employment possibilities and that European industry will remain competitive globally. Otherwise, and as we have witnessed in the past, the process of digitalisation will be led by other countries — with Europe a mere consumer, ultimately entailing fewer benefits in terms of job creation.

In this regard, the EPP welcomes the comprehensive approach taken on the Digitising European Industry Strategy and on the Data Economy Strategy presented by the European Commission last year, although strong focus on the implementation of these plans is also needed, mainly concerning standardisation, digital public services and the free flow of data.

Digitalisation will continue to change our society and our economy; but how they do so will depend largely on how we can manage change and how quickly we can adapt to it. Let's shape that change together.

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you would like to ask  
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