11 March 2019

Outcomes of the OECD's Going Digital first phase: Shaping policies rather than the digital transformation itself

Seven topic areas under diverse policy angles were scrutinised involving 10 OECD Directorates and a Steering Group made up of government officials, experts and stakeholders – including the Trade Union Advisory Committee (TUAC) to the OECD. While the data provided is rich as is the depiction of the transformation itself, the policy recommendations in the report '*Shaping Policies, Improving Lives*' fall short of effectively reigning in disruptive business models and controlling technological diffusion.

Going Digital Policy Framework: 7 focus areas

The digital transformation has become one of the top public policy issues within less than a decade attesting to its fast and disruptive effects on almost all economic sectors, daily lives and the world of work. Two years after the launch of the OECD's Going Digital Horizontal Project and TUAC's last 'Trade Union Forum on Digitalisation and the Future of Work', the first phase of the project delivers its final outputs at its concluding Summit (11-12 March 2019). With this, it is important to take stock of not only the new data released (see the 'Measurement report') but also of the policy insights (the 'Synthesis report') given by the to-date largest project of the organisation – weighing those against trade union perspectives.

Despite tremendous efforts to bring together the OECD's expertise across almost every policy field imaginable, the outcome of the First phase of the Going Digital project does not offer a sufficiently balanced perspective. Some parts of the analysis (and thus recommendations) go more in-depth than others. Some show new policy thinking, others clearly stayed within the realm of an orthodox policy mix that was just applied to digitalisation and not vice versa.

The TUAC had been calling for a human-centered approach to and a just transition for the digital transformation, recognising the opportunities but also stressing the downside risks.

The report does deliver on some of it – but the key messages weigh heavily into an overly optimistic vision of "business dynamism" and the need to adapt (and not review) existing regulation and facilitate the use of "regulatory sandboxes". The strategy for the implementation offers a top-down perspective, focussing on the "centre of government", high level executives and with limited references to stakeholders. The next phase of the Going Digital project could go more into democratic governance and the precautionary principle driving regulation to protect people against digital risks and ensure the gains are shared fairly.

With digitalisation, there are opportunities to be reaped…

- Digitalisation might lead to more productivity and inclusive growth if gains are properly shared
- Workplaces can become safer and greener, and work-life balances better
- With the right governance and adequate financing people can profit from life long learning.

… but many downside risks that need to be tackled:

- Automation could lead to 14% of all jobs being displaced in the next 10-20 years and half of jobs will be significantly transformed
- Non standard employment relationships are proliferating on regulatory arbitrage
- Women still earn 14% less than men on OECD average and Artificial Intelligence is mostly designed by man in a few countries spurred by a pronounced growth of private equity investments
- Half of the world's population is not connected to the internet
- Upcoming training and social protection challenges are set against dire realities of under-funded public systems and tax avoidance.

Going Digital delivers some novel insights:
- with a good overview on the factors that shape and accelerate the digital transformation including the digital ecosystem (incl. on AI), new business models and the data revolution (with a differentiation of types of data);
- with a dedicated discussion on 'jobs' that acknowledges the role of social dialogue and labour market institutions (incl. minimum wages) and discusses automation potential based on tasks/ skills content and strikes the balance between flexibility and security for workers quite well (also by addressing the positive and negative issues related to new non-standard forms of work);
- a view of sector transformations and the notion of a productivity-wage gap
- a good account of market concentration in the digital economy and acknowledging regulatory arbitrage in the online platform economy affecting workers
- important consumer concerns and opportunities to use technologies for the public good.

Yet, the OECD report goes a long way in promoting market openness, private sector innovation and Public-Private Partnerships. It offers an uncritical stance on the lightly regulated private equity and venture capital funds. And, at times, it maintains a fairly traditional "structural reform" stance on reducing employment protection legislation and overwhelmingly focusses on skills as both an explanatory factor and panacea for labour market challenges.

And, it fails to properly flash out:

- a human-centered approach to technological diffusion (including a more thorough discussion on organisational changes at work including the consultation and empowerment of for example public sector workers and teachers, monitoring and safety at work) and the role of industrial policy;
- a just transition policy framework for workers and building a stronger link to climate change;
- the link between excessive corporate concentration and online platforms and the need to review competition rules and objectives (beyond defending the interests of consumers in the short term);
- the weak governance framework of private equity funds, and or private companies ("Unicorns"); and
- connectivity and diffusion in developing countries as well as the growing complexity in Gloval value chains.

The OECD's Future Agenda

The Going Digital Project is now moving into a second phase. Hopefully, this will allow for scope to discuss some issues in more depth. A full TUAC assessment and list of items for the future agenda of the OECD on the Digital Transformation will be released shortly.

As for the TUAC, the following priorities for both the OECD and its members are seen as essential:

– *Really involve stakeholders in comprehensive policy debates and strategies*: TUAC research shows that trade unions have not or have barely been consulted on digital strategies up until this point. Unions must have a say on strategies around automation, on standard setting on Artificial Intelligence, on infrastructure investment planning and industrial policy strategies, as well as on the governance of training systems. Also, digital transformation strategies should not only be top-down and executive in nature, parliaments and local actors also need to be involved to make it a truly democratic process.

– *We need a just transition for the digital transformation*: this entails policy framework and funds to both keep workers in their current jobs or to get them into new quality employment – this is intrinsically related to closing digital divides for women, in regions, for low-skilled workers and globally.

– *Policy makers should re-embrace what collective bargaining can do* in making social cohesion and sharing of benefits of the digital transformation a reality by bringing better wages, working conditions and training. To do this, structural policy barriers

need to be lifted, tripartite agreements encouraged and sector councils upgraded.

– We need to *ensure a level-playing field and put brakes on the ongoing regulatory arbitrage and anti-competitive practices in the digital economy* and therein, ensure compliance with basic labour standards – to do so, regulations need not only be reviewed, they need to be applied – and this bearing regulatory quality in mind.