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of the EU**

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**Stepping Stones to a Cosmopolitan Order**

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**Digital Technology and Human Freedom**

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**Don't Fear Big Data:**

**Digitalization offers enormous  
opportunities, too**

INTERNATIONAL QUARTERLY EDITION

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# Editorial

»The world is out of joint.« Hamlet's words have been invoked recently in the media, as well as in political and scholarly circles, almost as if by common consent, to describe the prevailing state of affairs in the world. This unsettling diagnosis has been directed not only at the obvious targets: the clouded relations and declining levels of trust among the great powers, and their risk-laden contests for influence. Even the standards of civilized conduct that once seemed well established in many parts of the world have begun to break down. The Middle East is one of the political regions where all of these tendencies have manifested themselves most shockingly. The Iraq War opened a Pandora's Box from which a steady stream of new horrors has emerged; a sort of regional civil war is raging right on the EU's doorstep, while Saudi Arabia and Iran battle for pre-eminence in the Islamic world.



The »Islamic State« institutes a medieval reign of terror on every square meter of territory that falls into its hands, while using the most up-to-date digital communications technologies and pop-cultural staging to lure thousands of young men from Europe to participate in its atrocities. In response to all this we have to ask ourselves some uncomfortable questions. What roles have simple love of adventure, weariness with everyday life in our societies, and anomie played in stoking these campaigns? And in particular, how have these factors influenced immigrants who have turned to fundamentalism partly due to their sense of being invisible and excluded in Western societies? One thing certainly has become obvious: Military intervention in these crisis-ridden countries will solve nothing unless Western nations likewise pledge to assume some long-term social and political responsibility for their problems. The world doesn't need any more violence; it needs global cooperation on the basis of equality, crisis-prevention, and fair apportionment of any increases in wealth. Moreover, these principles should be grounded on respect for international law and the institutions associated with it.

The silent revolution in all social relationships and human life itself propelled by digitalization is accelerating all over the world. Usually we notice only after the fact how much this transformation now pervades our lives. This is an unacceptable situation for human beings who aspire to determine the direction of their own society. In this issue Evgeny Morozov ponders the question of how the digital future might yet be shaped and regulated by democratic impulses.

*Thomas Meyer*

Thomas Meyer  
Editor-in-Chief and Co-Publisher

Jens Gmeiner

## The Gradual Loss of Hegemony

### Swedish social democracy in the wake of the 2014 elections

They won, yet somehow they still lost. That would be one way of summarizing the performance of the Swedish Social Democratic Party (SAP) in the 2014 parliamentary elections. The SAP did manage to eke out a slight (0.35 %) increase in its vote tally, ending up with 31 % of the total. But measured against the anticipated 35 % proclaimed as the party's electoral goal by strategist Jan Larsson, the outcome was certainly a bitter disappointment. This is true even though the SAP is clearly the strongest force in Parliament once again, with the liberal-conservative Moderate Party's share dipping to only 23 %, nearly 7 % less than it had tallied in

*A bitter disappointment*

the 2010 election. Unquestionably, the heyday of the SAP is past. Although the center-left faction, a bloc consisting of the Social Democrats, Greens, and the Left Party, won 4.4 % more votes than the four-party »bourgeois« coalition led by liberal-conservative Prime Minister Fredrik Reinfeldt, that was not enough to produce an absolute majority. They came up short mostly due to the right-wing populist Sweden Democrat Party, which captured about 13 % of the vote, in a veritable landslide increase.

The 31 % garnered by the Swedish Social Democrats in 2014 marks their second-worst showing since 1921. This result is all the more sobering when one considers that the governing coalition of middle-class parties had received withering criticism on account of its massive tax cuts and the burgeoning social inequality that occurred on its watch. In that respect, the initial outlook for the SAP was actually quite favorable. How will the party do when less auspicious circumstances prevail?

The fragile center-left alliance fell apart by early December, just two months after the Social Democrats succeeded in forming a minority government with the Greens. The Sweden Democrats had refused to support the budget bill submitted to Parliament by the red-green minority government. Instead – confounding the government's expectations – they championed the budget proposal of the center-right opposition. A visibly-embittered Prime Minister Stefan Löfven told the media that he wanted to schedule new elections for March 22, 2015. A forward retreat, one might say.

These circumstances indicate that cobbling together a majority henceforth will become more difficult for Löfven, and not simply in the wake of this past election. He and his party now face structural, alliance-building, and programmatic challenges that put pressure on what was once Europe's most successful social democratic party to contemplate fundamental adjustments.

Since 2012 the SAP has been labeling itself a »party of the future« (*framtidspartiet*) as a way of underscoring its allegedly modern course. However, that strategy did not pay dividends in the 2014 election. The party recorded its highest levels of support among voters over 65, while younger people generally voted for the Greens, the Feminist Initiative (FI), or the Left Party. In other words, the election results achieved by Sweden's social democratic »comrades« reflect more of the past than of the future, more of the status quo than a new beginning. The reasons for their sub-par showing among younger voters are many and varied. For one thing, the party is aging; a majority of its members were socialized

*More past than future*

during the golden 1960s and 1970s, when the welfare state was still intact and global competition was not yet so rigorous. The majority of its members either are nearing the end of their working years or have already retired. The party's chairman, Stefan Löfven (born in 1957), hardly would have kindled much enthusiasm among younger citizens. Moreover, SAP voters are not only getting older; there are fewer and fewer of them. In the 1980s, following its merger with the LO labor union (the umbrella organization for Swedish unions: LO = *Landsorganisationen i Sverige*), the SAP still had 1.2 million members in a country with a total population of 8 million. Today the party counts fewer than 100,000 members, even though the population has increased to 9.6 million. The

*The number of members has fallen*

number of members belonging to its youth group, the SSU, has fallen from 60,000 in the 1970s to under 10,000 today. It is becoming more and more difficult to cement the party's affiliations with progressive trends and movements, because ties to sub-political associations have eroded and there are no social seismographs capable of alerting the party to new issues that it ought to highlight.

In Sweden, social democracy was never merely an organization; it was a movement that relied on numerous pre-political channels to shape and influence the nation's populace. The party kept tabs on what people in many social strata were saying, and thus was able to anticipate changes before they occurred. Deeply rooted in the traditional working-class milieu, the SAP had built up a dense network of organizations within it, ranging from renters' associations, cooperatives, educational institutions, and publishing houses to the umbrella labor organization, LO. These networks insured that there would be commonalities of personnel and outlook that extended beyond the sphere of politics strictly speaking. However, changes in the

class structure, transformations in the media and economy, and generational turnover caused the fine mesh of the working class movement's milieu to fray, while opening up new areas that competing political parties could exploit. This downward trend is especially apparent in regard to LO members. During the 1960s, 80 % of them voted for the SAP, whereas only 50 % did so in 2014. Experts on electoral politics say that the SAP's loyal electoral base among LO voters now amounts to no more than 20-25 % of the total membership.

This unbalanced electoral demography also was reflected in the geographic distribution of support enjoyed by the SAP. Its vote totals in the country's booming large cities and university centers fell below average, whereas its bastions of support were to be found in middle-sized industrial towns and the thinly-populated north. Labor unions and the SAP lack a tightly-woven organizational structure in the growing, service-intensive part of Sweden (*Tillväxt-Sverige*) concentrated in its metropolitan areas. But that is where the majority of the country's voters live. More than 20% of Sweden's population resides in the Stockholm metropolitan area alone, yet it was there that the SAP turned in its poorest showing in the 2014 election. The gradual erosion of the Social Democrats' base of support also can be observed outside of the largest cities.

Its chief competition in the rural areas is coming increasingly from the political right wing. The partially »orphaned« political terrain in the countryside has been colonized by the Sweden Democrats, who score points not only by advocating a more restrictive immigration policy, but also by playing up the conflict between center and periphery. Many rural areas and middle-sized industrial cities are in decline because their populations are aging or moving away to other areas. In addition, they face the problem of crumbling infrastructure. While right-wing populists have

always enjoyed high levels of support in southern regions such as Blekinge and Schonen, now they are penetrating even the country's industrial belt in central and northern Sweden, traditional bastions of the SAP.

But there are still other long-term trends that threaten to undermine the political prospects of the SAP. The social democratic publishing house *A-Pressen*, which in its heyday published 30 different newspapers, was forced to declare bankruptcy in 1992. Today, in addition to the daily *Aftonbladet*, only one national paper remains that could be regarded as a voice of the workers' movement. The media that now dominate the newspaper landscape mostly express middle-class views. The same holds true for think tanks. The Swedish Social Democrats have stood by as their intellectual arsenal rusts and their once-close ties to pro-labor union think tanks atrophy. Meanwhile, think tanks

### *Think Tanks*

allied with the business community and right-of-center political consulting firms have beefed up their operations since the Eighties. The pro-business think tanks *Timbro* and *Ratio* have been advocating the restructuring of the welfare state along market lines for several decades; now they have managed to steer media and political discourses in this direction as well. As politics has become a more professionalized, media-dominated affair, a trend that has gained steam since the 1980s, the »bourgeois« parties have been the clear beneficiaries. The public relations industry in Sweden is tightly interwoven with the liberal-conservative Moderate Party in terms of both its personnel and, to some extent, its substantive positions.

The best example of this pattern resides in the image makeover that the Moderates have achieved. They have now emerged in the guise of »New Moderates« who embrace both the semantics and the

substance of Sweden's welfare state. Since 2004, the advertising executive Per Schlingmann has come to personify and symbolize the personnel overlap between politics and public relations, since it was he who set in motion the Moderates' metamorphosis on the levels of rhetoric and media policy. Henceforth it was supposedly lower- and middle-income citizens who would benefit from tax cuts, while Sweden's labor legislation would remain sacrosanct and the welfare state's finances would be spared. The Moderates coined a phrase, »Put Sweden back to work,« that drew a sharp line of demarcation between hard-working citizens holding jobs and passive, dependent recipients of support from programs funded through social contributions. The idea was to motivate the latter group by cutting back on their social support. Tax cuts were touted as a way to create jobs rather than as a means of trimming back the welfare state. The conservatives were poaching on the turf of the Social Democrats, who had always felt that they held the patent on the Swedish Model and were entitled to interpret it as they pleased.

To be sure, Swedish Social Democrats played into the hands of reform-minded conservatives and their policy of semantic expropriation. During the mid-1990s, in response to the great economic crisis, they adopted policies with a focus on austerity, privatization, and reductions in social spending. To some extent, these measures simply carried forward the policies of liberalization and privatization spearheaded by the conservative Prime Minister Carl Bildt. In this respect, the core demands of »bourgeois« political forces were enacted and the future course of economic legislation was set when reform conservatives under Reinfeldt came to power in 2006. Since then, the SAP has been unable to offer an alternative vision for society and has struggled to overcome its own post-crisis policies, ones adopted in an era when a great many political truisms were tot-

tering and alternative social analysis was moribund. As Klaus Petersen and Urban Lundberg have remarked, the patient (the welfare state) survived due to the Social Democrats' response to the crisis of the 1990s, but the doctor has remained in critical condition ever since.

Furthermore, eight years in opposition have shaken the Social Democrats' self-confidence and weakened their ability to offer a persuasive interpretation of the world in which they find themselves. This is all the more remarkable given that crucial issues that play to their strengths have been, as it were, lying around in the streets for the past few years. Meanwhile, there has been an ongoing mobilization of ideas in Social Democratic think tanks, student

*Ongoing  
mobilization  
of ideas*

associations, and institutes allied with organized labor. Still, it is true that these debates have not yet tangibly affected the party leadership nor have they sparked a discourse on programmatic issues, i.e., on the SAP agenda. Instead, the 2014 elections turned on questions of governance, budgetary stability, and economic »rationality.« Under those circumstances, other forms of social conflict moved from the periphery to the center of public discussion. Chief among them were matters of ethnic identity, reawakened by the issue of who deserves access to the welfare state's benefits. The Sweden Democrats' »people's house on the right,« with its melange of ethnic exclusion, critique of elites, and national chauvinism, met with approval more and more often. The right-wing populists corralled 13 % of the vote in the 2014 elections, a gain of over 7 percentage points.

Meanwhile, the Swedish Social Democrats, the self-proclaimed »party of the future,« found itself caught in the pincers of its political competitors, along with large portions of its electoral base. On the one side are the reform conservatives, who have employed a clever PR campaign based

on their welfare state agenda to appeal to voters who have not traditionally supported them. They thus have proclaimed themselves to be the modern-day heirs of the Social Democrats. On the other side are the right-wing populists with their xenophobic rhetoric, who hope to peel away support from both of the major parties by advocating a nostalgic »people's home« model. The road to the future leads through the welfare state, which has become the principal battleground for political conflicts. Yet according to a Stockholm-based scholar of current history, Urban Lundberg, from the voters' point of view the SAP no longer can claim to be the only or even the strongest bulwark of the welfare state.

The landslide gains made by the Sweden Democrats in the 2014 election wrought profound changes in the power calculus of party competition. The customary bloc politics pitting the center-left camp under the leadership of the Social Democrats against the bourgeois bloc headed by the Moderates no longer offers the prospect of producing a clear majority alliance. While Löfven was chosen as Prime Minister, his red-green minority government carried only 38 % of the votes.

In order to facilitate cooperation across bloc lines, Löfven made an early decision to exclude the Left Party from his coalition. But the strategy's goal remains unfulfilled. The middle-class parties, especially the Liberals and the Center Party, did not move an inch toward an accommodation with the red-green government. Thus, the bourgeois four-party alliance maintained its cohesion even after the election, a circumstance that restricted the leeway of the Social Democrats in shaping power arrangements and vitiated their claims to leadership. There are good reasons to doubt whether new elections will change much in the encrusted politics of competing blocs,

*The strategy's  
goal remains  
unfulfilled*

at least for the present. The most recent opinion surveys indicate that elections would not produce any serious swing toward a working majority in the government. Thus, it is unlikely that stable governing structures will emerge in the future as long as the Social Democrats continue to remain isolated and neither the Greens nor the centrist middle-class parties can see their way clear to consider alternative political alliances.

Moreover, the SAP may have won the election of 2014, but according to the Swedish economic historian Jenny Andersson, they have lost the present age (*Arena* 4/2014). If the SAP really wishes once again to be the »party of the future,« it should start by regaining the rhetorical

*Party of  
the future*

high ground and offering a plausible interpretation of contemporary Sweden, which has undergone a more drastic transformation over the past twenty years than practically any other European country. According to OECD data, inequality has been increasing since the 1990s at an

above-average rate. Meanwhile, growing privatization and the deregulation of the welfare sector have allowed welfare to become more and more of a commodity, with access to social services depending increasingly on disposable income. The ever-more-powerful centrifugal forces at work in the society of what was once a model country can scarcely be overlooked. One need only recall the nighttime conflagrations in Stockholm's suburbs in 2013, which spread all around the city's peripheral belt. And the success of the Sweden Democrats, who have gained support mainly among the lower middle and working classes, sounds a clear alarm bell.

»Is something broken in Sweden?« That was the main question raised by the SAP during the 2014 electoral campaign. Although most Swedish citizens answered it with a »yes,« they chose not to vote for the Social Democrats. So far as can be foreseen, it is unlikely that this situation is going to change in any fundamental way prior to the upcoming elections in March.



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Mario Telò

## Regionalism, Globalization and the Role of the EU

The role of Europe in the unstable, globalized world of the twenty-first century cannot be marginal since – with only 7 % of the world population – the EU still accounts for 25 % of global GDP, and four of the EU's States are in the G7. And yet, that role cannot be a hegemonic one, because the EU lacks both the political will and the requisite capacities (especially military) to take up the slack from the declining role of the United States. Moreover, no single country could guarantee hegemonic stability as it might have done in the past. Is there a possible third path for the EU within an increasingly complex and multipolar world?

Have the emergence and spread of competing forms of regional cooperation encouraged the creation of an improved global order? In analyzing the evolving post-Cold War international order, it would be an oversimplification to focus exclusively on the emergence of Brazil, Russia, India, China and South Africa (the so-called BRICS) or on power politics alone. After the failure of George W. Bush's push for a unipolar world, even Barack Obama is acknowledging that the emerging world is multipolar, a »no one's world.« However, we do not know yet what kind of multipolarity will develop. Probably it will not look like a global-scale version of the realpolitik of the nineteenth century. Putin's Russia is not an example of how to triumph in the new world order. Rather, it is a loser, an isolated and self-defeating power. Contrary to imperial logic, international organizations matter more than ever by making the economic costs of defection very high. Furthermore, an encouraging phenomenon is emerging. Besides new national poles, regional groupings of neighboring states such as MERCOSUR, ASEAN, and SADC not only have evolved into multi-

dimensional entities (economic, political, cultural); they also look more resilient and better able to withstand economic and political crises. Thus, the EU is not an isolated case of peaceful, democratic cooperation among neighboring countries. On every continent, there are now regional organizations that provide conflict-prevention, convergence between developing and developed economies, democratic consolidation, containment of internal disintegration, and more legitimacy for global institutions. These observations lead to a first conclusion: The coming global order will be not only multipolar but also multiregional. Could regional and global multilateralism cope with both kinds of challenges: containing power politics and restraining tendencies toward fragmentation?

Regional groupings of neighboring states are broadening and deepening on every continent. However, they follow various paths to regional cooperation, and even competing models – partially overlapping, partially conflicting, also within the same continent. For example, Putin's Russian project is a regional one. Within the European continent, the »Eurasian community« that he envisions openly conflicts with the EU's eastward-looking neighborhood policy as applied to Ukraine, Moldova, Georgia and the Caucasus. If we look to regional cooperation overseas, we encounter the same pattern of partially conflicting models. For example, in Latin America, MERCOSUR/UNASUR is competing with the Pacific alliance and ALBA (Bolivarian Alliance for the Peoples of Our America). In Africa the African Union (AU) is vying with the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC). And in East Asia,

Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership (TPP) are openly vying with each other, while »ASEAN plus 6« is an ambiguous entity. In all of these cases, we find that regionalism is expanding along a variety of paths, from an EU-style, institutionally-deep model to soft free-trade arrangements or informal polities, from ideologically- or security-driven groupings to bottom-up political projects.

In the global context of a post-hegemonic governance characterized by power politics and by tendencies towards fragmentation (such as IS, or failing states like Somalia, Afghanistan, and Iraq), the question is whether regionalism is part of the solution or part of the problem.

First, regional groupings are not the backyards of emergent powers. Of course leading countries matter: Brazil in South America, the USA in the North American Free Trade Agreement (NAFTA), Germany in the EU, Indonesia in the Association of Southeast Asian Nations (ASEAN), China in east and central Asia, South Africa and Nigeria in the sub-Sahara, and India in south Asia. Some of them try to promote forms of hierarchical regional cooperation in which their own national power-aspirations occupy center stage. However, comparative research shows that regional cooperation benefits from internal multilateral rules and a plurality of underpinning factors. The bottom-up drivers of regionalism may be commercial, economic, ideological, social or political. In other words, rules and politics matter when talking about regionalism.

Second, hyper-globalizers no longer consider regionalism to be a countervailing tendency that might resist the disintegration of states; rather, they see it as a factor of fragmentation leading to a more contingent and fragile multilateralism. Free-trade economists worry that regionalism is moving far from the global de-regulation agenda, provoking fragmenta-

tion and mini-lateralism that is a contingent and instrumental form of governance. But this is only one side of the coin.

Regionalism can also be a resource for better global governance. For example, in a context in which Barack Obama is adjusting American multilateralism and China is showing various commitments to regional cooperation, regionalism in many cases offers a chance for containing both power politics and fragmentation in the name of peace, sustainable development, and democratization. It also offers the prospect of reforming the UN in ways that go beyond Kofi Annan's UN regional-consultation procedure.

The most optimistic scenario would involve peaceful cooperation within and between regional entities in the context of the gradual construction of a new multi-layered global system of governance: a dialectic between alternative regional understandings and practices of multilateral cooperation, framed by a shared commitment to the institutionalization of international life. Of course, regionalism cannot be the panacea. What is needed is the parallel construction of a collective global leadership (the G20?) for the reform of the multilateral organizations, improving their efficiency and legitimacy.

Disappointingly, at least in light of the hopes of 1989-91, the United Nations (UN) and the World Trade Organization (WTO) apparently are deadlocked as far as their respective reform agendas are concerned. In this fraught context, the main risk is that a »spaghetti bowl« of a hundred bilateral relations will make fair global governance impossible.

In fact, the spread of regionalism and interregional arrangements can be seen as both a risk and an opportunity. Inter-regionalism is an intermediary level of political association between globalism and bilateralism, reordering global govern-

*Complex inter-regionalism: risk and opportunity*

ance from below, while stopping further fragmentation. Regionalism and inter-regionalism are linked to one another, since regions tend to establish partnerships with regions belonging to other continents. Negotiations involving bloc-to-bloc relations, as in the cases of the EU/MERCOSUR or EU/ECOWAS, focus on free-trade arrangements, while trade negotiations such as the Transatlantic Trade and Investment Partnership (TTIP) emphasize growth and job-creation.

Interregionalism is a multidimensional phenomenon. The proliferation of inter-regional relations, including the ones started by the EU, the USA, Brazil (IBSA), and China (China-Africa), exhibit the structural, resilient, long-term dimensions of this new path within the evolving global order. In addition, when unpacking inter-regionalism, one should also focus on the role played by networks of civil society actors. In the case of TTIP, we evidently are witnessing a convergence of two phenomena: negotiations to create a common market and an alliance between like-minded powers (EU-USA). Following on the heels of the transatlantic rift during the Iraq war and several trade wars (Jürgen Habermas, *Der gespaltene Westen*, 2004), the two allies are launching a controversial new partnership. Both parties are poly-gamous. The USA is simultaneously negotiating the Trans-Pacific Partnership (TPP) in the context of its pivot to Asia and containment strategy toward China. Meanwhile, the EU, as the first global trade power, is negotiating with many other partners in parallel (MERCOSUR, ASEAN, Japan, Canada, China, ECOWAS).

When looking at the terms of the Transatlantic Trade and Investment Partnership, we cannot ignore the fact that TTIP is not a traditional free-trade agreement. Instead, it rather clearly is intended to reduce non-tariff barriers and regulatory obstacles to trade. The difficult negotiation between two complex, democratic systems

with very different regulatory regimes remains unfinished. But it already carries certain political implications. The EU is playing up its »market power« as the most institutionalized and value-based market on the planet by mixing »negative« and »positive« integration (Fritz W. Scharpf), »embedded« and »disembodied« governance (Karl Polanyi). Furthermore, the EU is able to conduct its negotiations with the USA on the basis of equality, a situation that rules out any kind of *diktat*. On a de facto basis, the EU is trying to link the negotiations to create a transatlantic market with efforts to enhance European political autonomy (*»exception culturelle,«* transparency, defense of private data). Therefore, any interpretation of the TTIP as implying European subordination to the USA, or as a vindication of the traditional British approach to European integration, should not be taken seriously. The EU's internal multilateral process of regulatory harmonization has relevant implications for »external governance« as well. Realistically, the EU's best hope to shape the outcome of the negotiations is by its putting its values and highly sophisticated regulatory standards in the foreground.

The EU's regulatory standards in regard to matters such as health care, social rights, sustainable development, and private data protection are much more sophisticated and advanced than their counterparts in the USA, because they have been worked out already in negotiations among 28 member states. Several social actors are afraid that the TTIP will lead to the dismantling of the EU's internal regulations. In this instance, the pressure exerted by non-governmental organizations can prove useful. However, if the EU cannot even cope with the challenge of a high-level negotiation about market regulation with a democratic US administration, what does that say about its self-confidence as a regulatory power, as a civilian power in the emergent world?

While hierarchical and imperial paths are outdated within the context of a post-hegemonic world, inevitable trade conflicts do not necessarily mean that regionalism and interregionalism are reverting to the scenario of protectionist blocs, trade wars and international tensions where the demand for enhanced economic security inspires calls for greater military security as well. Regionalism and interregionalism may underpin new multilateral paths for the twenty-first century. The crucial variables that will define the external political implications of interregional arrangements are openness and communication with other crucial players, such as China, India, Latin American countries, and the WTO.

The EU's economic crisis entails several consequences for its role in global governance. The European Council spent 90 % of its time over the past six years on inward-looking matters as it vacillated and often reached its crisis management decisions too late. Partly as a result of its ineffective responses to the economic crisis, international perceptions of the EU also changed. Earlier, around 2008, it had been seen as a model of crisis management, but by this time it has come to be seen as the sick man of the global economy, as was the case at the G20 meeting in Cannes in 2011.

However, after seven years of hard times, it remains difficult to answer the question of whether this crisis will turn out to be a good or a bad one. The EU does not suffer from excessive integration; its troubles come from its as yet incomplete and still unbalanced economic union. Every step in the process of emerging from the crisis has fostered deeper integration, notably of the euro-zone. The many steps that have been taken since 2010 prove that the way toward enhanced political union for the EU, and its chances of becoming

a more effective international actor, hinge on the construction of a true economic union. International efficacy is at stake in the fight to save the euro.

A two-tiered EU is emerging. At the core, there is an increasingly integrated euro-zone the members of which are willing to pool and share sovereignty. But it is surrounded by a softer European Union and an even softer European Economic Area (EEA). Aiming at enhancing euro-zone legitimacy, the supporters of deeper integration ask for a separate budget and parliament for the euro-zone and a deeper internal social dialogue.

New modes of governance are emerging and spreading, like the various »open methods of coordination« of national policies, notably economic policies for growth and employment and enhanced fiscal and banking regulation. This is making the EU laboratory not less but more relevant as a reference-point for regional cooperation abroad and global governance. We also should not overlook the forms of external governance as practiced in the EU's neighborhood, including by the applicants for membership, the partners of the European Neighbourhood Policy (ENP), in Eastern Europe and in the Mediterranean. All reveal both the EU's influence and the unexpected dimensions of the challenge.

The EU was right to prioritize internal recovery for five years. However, the Union needs to move beyond merely inward-looking policies and adopt a proactive foreign policy. We are now witnessing a relevant shift in the respective roles of EU institutions. The Juncker Commission will take the lead in carrying out the economic growth agenda, while the new European Council President Donald Tusk focuses on international politics. In contrast to the line taken by her predecessor, the new High Representative for Foreign Policy, Federica

*The international role of the recovering EU*

*A more proactive »peace by pieces« perspective*

Mogherini, appears above all to be working to achieve coordination among the Council, the European External Action Service (EEAS), and the Commission by emphasizing a »comprehensive approach« to external relations.

Facing the challenges of power politics, unilateralism, and fragmentation, the EU has very little choice but to foster multilateral cooperation on a continental and global scale and to upgrade its international profile. At stake, in terms of external relations, will be the TTIP, East Asia, relationships with the ACP countries, Latin America, and the European Neighbourhood Policy (ENP). Interregional arrangements are indispensable for deepening integration, preventing regional conflicts, and addressing the consequences of the economic crisis. The broader horizon of twenty-first century international relations must include efforts to revive a more efficient and legitimate form of multilateral global governance. Regional entities will develop and deepen their ties, and the EU should support them and their role of nurturing emergent economies and containing power politics.

The EU will retain its roles as a reference-point for regional integration and as a proactive initiator of interregional policies. In the aftermath of American hegemony, the EU has the responsibility of taking steps to become a full-fledged civilian power. On the one hand, assuming that it can recover economically, the EU will provide an even more sophisticated

path towards regional policy coordination through innovative multilateral forms of governance which may be influential elsewhere. *The EU will assume more responsibility* On the other hand, what is needed is a middle- and long-term perspective improving the horizontal and vertical consistency of Europe in its role as an international actor.

The Solana Strategic Paper of 2003 favored »effective« and »civilian« multilateralism in contrast to the US security agenda. But the EU currently is putting into practice an excessively complex array of bilateralism, globalism, regionalism and interregionalism, simultaneously with eleven »strategic partnerships« (China, India, Japan, Indonesia, Brazil, Canada, the USA, South Africa, Mexico, South Korea and Russia).

New and progressive global governance can be achieved realistically only by combining the »good regional example« with a more coherent set of foreign policies, beyond the current patchwork. The EU, together with regional entities abroad, will be the driving force behind the innovative aspiration toward »peace by pieces.« But they can succeed only if a democratized, revitalized euro-zone shows stronger political leadership and makes consistent foreign policy. Finally, its communication with regional and global organizations abroad must improve, becoming both more efficient and mutually open.



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## Stepping Stones to a Cosmopolitan Order

»The Islamic State« is a group known around the world. The notion of the »war on terror« reaches across continents. »Sub-prime markets« was a concept familiar only to a few before it became widely understood as a trigger of the 2008 global financial crisis. Weather patterns in southern Africa used to be understood as an act of God; now, however, they are regarded as man-made – the product of climate change. The local reverberates across the world, as global events and forces reshape the local.

Individual countries can adopt the most stringent rules for the regulation of genetic research, but if other countries ignore such rules, the human genome will be open to unchecked manipulation, and human beings could be made to order in the years (not so far) ahead. The Doha trade round stalled on the refusal of emergent powers – India in particular – to bow down to the G2 (the USA and EU), yet the rules of trade still are dictated largely by leading states and regional blocs, with deadly consequences for some people. For example, the subsidization of the cotton industry in the USA or of agricultural food produce in the EU affects the life chances and life expectancy of others, such as West African cotton growers. The rules governing nuclear proliferation were fixed by the geopolitical victors of 1945, but is the justification of these rules still persuasive in a global order marked by shifts in the balance of power? Emergent countries and other nations might stand up and say, »you have them, why shouldn't we?« Who makes the rules governing our genetic makeup, global habitat, resource use, economic exchange, and security is a pressing matter in an age of global interdependence. Who gets what, when, and how are no longer questions confined to state silos, democratic or otherwise.

The extensity, density, and velocity of global interconnections today creates a world of both extraordinary opportunities and extraordinary risks. Opportunities arise because an economic division of labor stretching across the world, world trade patterns, global communication infrastructures, a rule-based multilateral order, and a growing sense that action is needed now on global challenges all create unparalleled prospects for prosperity, development, and peaceful coexistence. But they are accompanied by risks, because human communities never before have been so densely interwoven, such that the fortunes of each are bound together in fundamental ways with those of others. We live in a world of overlapping communities of fate. Hence, our era is one of significant promise and colossal challenges. At the same time, the knowledge humankind has developed is no longer just an elite privilege; diffuse and available on the internet, which is accessible to over a quarter of the world's population, the cognitive resources of science and culture can be explored by a diversity of actors, whether with benign or regressive intent.

The vulnerability of the global system combined with the democratization of knowledge has led Martin Rees (*Our Final Century*, 2003) to consider that humankind has only a 50/50 prospect of reaching the end of the century without a major setback. If one considers this pessimistic assessment in conjunction with the potential for conflict in global hot-spots to ricochet across the world – Israel/Palestine, increasing turmoil in the Middle East, Iraq, Afghanistan, Libya, the Korean Peninsula, Taiwan, along with trans-border threats such as Ebola, climate change or biodiversity loss – then the warning does not seem out of place.

*The obsolescence  
of territorial  
sovereignty*

The rules of the interstate system, and sovereignty over territory, were set by those with effective power from the late sixteenth century. Might made right. Sovereignty in the modern period never could be only about the rights of indigenous people, because colonizers sought to disregard them. Sovereignty thus was established and secured through effective power: holding a territory and displaying the flag. Up to the foundation of the UN, sovereignty trumped other values with a claim to universality. From the development of the UN onward, sovereignty was spliced together with human rights and democratic standards in an unstable amalgam. The permanent members of the Security Council – the USA, China, the USSR/Russia, the UK, and France – could manage the global agenda (although the USA had far more influence than the rest), as less powerful states could disregard human rights in regulating and controlling their territories. Yet, with the establishment of the UN system, the development of the EU, and the beginnings of a global environmental regime, stepping stones were laid down to a universal constitutional order. And while these stepping stones were well-marked, and indicated a clear direction of travel, they were obviously slippery.

Within this context, the meaning of sovereignty shifted in international law from effective power, in principle, to rightful authority: i.e., authority that upholds democratic values and human rights. The law of war was complemented by human rights conventions, together setting down limits to what it is that human beings may do to one another in warfare and other forms of organized violence perpetrated by state- or non-state actors. The principles of accountability and self-determination were enshrined in these agreements and, through the second half of the twentieth century and into the early

years of the twenty-first, they became entrenched in waves of democratization, marked by such moments as the fall of the Soviet Union, the election of Nelson Mandela as President of South Africa, the Arab Spring, and ongoing protests in Hong Kong. In Europe, something equally remarkable happened: The most war-mongering and destructive continent in history turned from Hobbes to Kant, creating a pacific union in which war among EU countries was banished for the first time. In addition, sovereignty was no longer regarded as unitary and absolute, as authority became parcelled out at many levels and citizenship became synonymous with membership in diverse communities: cities, sub-national regions, states, and supranational associations.

Of course, there were huge forces seeking to ensure that any passage across the stepping stones to a universal constitutional order – what I call a cosmopolitan order – was not simply unsafe but seemingly impossible. The war on terror bypassed international law, weakened the UN system, and sought to place the USA and its allies in a position to extend the era of Western hegemony. It also sought to ensure that American or British conceptions of power and rulership would remain dominant in the world. Yet it was not to be. Why? Because the world since 1945 has changed fundamentally. Might no longer makes right; human rights and the standards of self-determination cannot simply be trodden upon; freedom cannot be achieved through war and organized violence; a lasting peace can be won only through the consent and active participation of the many; and power is increasingly more diffuse as the world becomes more multipolar.

It is against this background that one can begin to understand why realism, *raison d'état*, and hegemonic state projects are a narrow, impoverished and counter-productive way of seeking to organize politics

in a global era, and why cosmopolitanism is the new realism: a sounder framework for political activity than *realpolitik*. Globalization has changed the terms of reference of politics. In an interdependent era, whether in economics, politics, or security, global issues cut across the domestic sphere, creating a plethora of urgent trans-border questions. *Raison d'état* offers too narrow

*Raison d'état: Too narrow a principle for the global era?*

a set of reference points for addressing and meeting the challenges of climate change, water deficits, pandemics, financial market instability and reform, or security threats with a global dimension. Moreover, international decision-making used to lie in the hands of a narrow oligarchy of »clubs«: the permanent members of the Security Council, the G5, G7, and G8, or the small community of bureaucrats from regulatory agencies and central banks who have written and interpreted the rulebook of banking since the end of Bretton Woods (the Basel Committee). Experience shows that such clubs inevitably govern in their own interests and make decisions, with complex ramifications and risks, for jurisdictions beyond their own borders.

These difficulties of accountability and politics were compounded in the late 1970s and 1980s by the reassertion of the standard liberal model of economics and politics, or the »Washington consensus« as it is sometimes called, which promised that internal market development coupled with global market integration was the key to global prosperity, and that all else was empty rhetoric (Martin Wolf, *Why Globalization Works*, 2004). But the model does not adequately explain the great economic success stories of the last two decades (China, India, Vietnam, and Brazil among them) or recognize the damage it creates when blindly applied – as it was, for example, across many Latin American countries and emerging markets in the post-Soviet era. Furthermore, the approach deliberately

weakens the place of politics – local, national and global – by emphasizing markets above all as the key to collective development and problem-solving. Market externalities, environmental degradation, and the public goods required to make markets work effectively (health, education, transport infrastructures, regulation, and so on) are all neglected or downplayed. And rising economic and political inequalities within states, among states, and even across the global domain are treated as if they were natural phenomena.

An alternative model of politics and governance can be found in some of the most important achievements of law and institution-building in the twentieth century, the stepping stones to a universal constitutional order referred to above. These developments set down a conception of rightful authority tied to human rights and democratic values that can be incorporated in a wide range of settings. In this perspective, political power is legitimate if and only if it is democratic and upholds human rights. In addition, the link between territory, sovereignty, and rightful authority is – in principle – broken, since rightful authority can be exercised in many spheres and at many levels, local, subnational, national and supranational. Accordingly, citizenship can be envisaged, as it is already in the EU, as equal membership in the diverse, overlapping political communities that uphold common civic and political values and standards. Citizenship, then, is built not on an exclusive membership of a single community but on a set of principles and legal arrangements linking people together in the diverse communities that significantly affect them. Thus, patriotism would be misunderstood if it were taken to mean, as it all too often has been, »my country right or wrong.« Rather, it comes to mean loyalty to the standards and values of rightful authority: to common civic and political principles, appropriately embedded.



Suitably developed, this conception of global politics envisages a multilayered and multilevel polity, from cities to global associations, bound together by a common framework of law that is anchored in democratic principles and human rights. The state does not wither away in this conception; rather, it becomes one element in the protection and maintenance of political authority, democracy, and human rights in the dense web of global forces and transnational processes that already shape our lives. Perhaps more importantly still, it points to a political order no longer exclusively anchored in *raison d'état* and hegemonic state projects, but rather in principles of cosmopolitan association.

These principles include, at a minimum, the equal moral worth of every individual (without which the human rights regime makes no sense); active agency and self-determination (without which the unique human capacities of reasoning and moral choice cannot be recognized); and deliberation and consent (without which the democratic process would be stillborn). What makes them cosmopolitan is not only the universal nature of their claims, but also the rejection of the assumption that the choices, rights and duties of human beings always must be embedded in, and limited to, states – an assumption never fully justified in democratic theory in any case. In a world of overlapping communities of fate, the principles underpinning global politics must be cosmopolitan in their form, scope, and manner of entrenchment.

It is sometimes argued that cosmopolitan principles are not only insensitive to cultural diversity and difference, but deny them altogether. Yet nothing could be farther from the truth, for pluralism and cosmopolitanism actually are two sides of the same coin. One of the key conditions of pluralism is a set of

values and arrangements that protect and nurture the possibility of cultural diversity and justified differences. The set of principles that generate this possibility is one and the same as that which underpins cosmopolitanism. Cosmopolitan principles are the basis of human autonomy and self-determination; they are constitutive principles of living in communities that recognize the equal interest of all in moral, social, and political choices. They are subject only to the constraint that they must not unduly limit or restrain the activities and choices of others. The principles of harm and, more broadly, justice are critical in this regard. At the same time, these principles underwrite pluralism and difference, because they underpin the space of each and every person to steer a course through the interpretive frames and warring gods of our time.

As previously noted, the principles of a cosmopolitan order include egalitarian individualism, mutual respect for everyone's equal rights and duties, and self-determination. In a world of overlapping communities of fate, these can only be embedded in the cross-cutting communities of human life. Once, these were small habitats, towns, and cities. Later, they comprised great territories and time spans – that is, nation-states. Today, they embrace the local, the national, and the global: in other words, all those spaces in which power is entrenched and exercised. The stepping stones of the twentieth century laid down a path to a cosmopolitan constitutional order. The question is: Can and will we follow it?

With wars currently raging in many parts of the world and gridlock prevailing on some of the most pressing issues of our time, this outcome does not look likely. Yet, neither great cities nor states were built in short time spans, and so it is hardly likely that a cosmopolitan order will be, either. The trouble is that climate change, resource scarcity, global economic

*Pluralism and  
cosmopolitanism:  
Two sides of the  
same coin*

imbalances, financial market instability, and nuclear proliferation, among other pressing issues, require our energies and imaginative solutions now. In this sense, the universal constitutional stepping stones of the twentieth century give clues as to how and where to travel, and what the

form and shape of global organizations and institutions should be, but they offer no simple blueprints. These can only be worked out in the process of travel, with fellow traveling companions, in dialogue and activities shaped by and consistent with cosmopolitan principles.



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## **Nordic Model 2030 – Erosion or Renewal?**

With their small, export-oriented economies, well-developed welfare states, and organized labor markets, the Nordic countries have enough in common to qualify as a »model.« Yet the Nordic Model has generated controversy, having become a source of policy orientation for social democrats and a bogeyman for neo-liberals. The latter point with alarm to an excessively large public sector, unusually high tax rates, rigid labor markets, and labor unions that have extraordinary power in setting wages and influencing (state-directed) regulation.

During the 1990s, the Nordic countries, especially Sweden, experienced a profound economic crisis. Many observers eventually wrote them off, including *The Economist*, which – under the headline *Farewell, Nordic Model* – trumpeted the end of any further European social-democratic dream. Still, it is well known that people presumed dead live a lot longer, and so there ensued a phase of economic recovery that led to a restoration in the model's reputation. Even during the most recent round of financial, euro-, and economic crises in the European region, the

Scandinavian countries have fared reasonably well. A few years later, *The Economist* made amends for its earlier put-down with an article entitled »Nice Up North« (January 27, 2011), and subsequently declared those nations to be the next supermodel (February 2, 2013).

As far as international rankings go, northern Europe usually lands near the top of the list in terms of economic capabilities and social accomplishments. Nevertheless, the Nordic countries face a host of new challenges and cannot afford to rest on their laurels. In mid-November, SAMAK – a consortium of Social Democratic Parties and LO trade union federations – presented the results of its Nord-Mod2030 project at its annual convention in Oslo. The project had been in the works since 2012 under the auspices of the Norwegian research institute Fafo, together with a team of Nordic economists and social scientists. The crucial question to be answered was whether the model is eroding, or whether societal actors are in position to handle new challenges, risks, and evolving trends by renewing institutions and maintaining political support for

fair distribution, balanced growth, and full employment. By addresses those issues they hope to recover discursive sovereignty – from a labor-union and social democratic vantage point – over the direction in which Nordic societies are moving.

Although each of the Nordic societies is unique, they all share a set of similar structural elements in respect to their historical origins, politics, economics, and societies, which (taken together) permit us to speak of a Nordic model.

### *The pillars of Nordic capitalism*

1. The model's historical genesis features long periods during which social democratic parties held power and close cooperation obtained between social democratic governments and labor unions.

2. The central backbone of the socio-political order was, and continues to be, the extraordinary degree of labor union organization coupled with a well-developed social partnership in which collective bargaining outcomes are preferred over legally-binding regulations. However, the state does rely on an active labor market policy to maintain high levels of employment.

3. Capacities for competition and innovation are well-developed, and operate within a framework of more or less unregulated markets and strong property rights. These, however, are paired with an elevated level of social risk mitigation, a stable, consolidated banking sector, and a two-track system of taxation (heavy individual income taxes plus low taxation on capital).

4. Opinion polls document the remarkable level of trust that has emerged for the political and social institutions of these stable democracies and communities of solidarity. The high approval values also suggest that Nordic governments are close to their own citizens and have generated a sense of participation, which, in turn, can be inferred from impressive levels of voter

turnout. Moreover, such trust in politics and communities of solidarity is reflected in these countries' low susceptibility to corruption.

In the economic sphere, one finds that business corporations are run with long-term prospects in mind. In the domain of social policy, the same trend is embodied in a tax-funded welfare state featuring universal rights. The latter insures that there will be well-endowed social networks and a public-service sector that provides plenty of jobs, a good educational system, as well as high levels of female labor force participation and gender fairness. Instead of being perceived merely as »costly,« the »investment-driven« welfare state helps to lay the foundations for the next growth cycle. And at the level of the individual firm or local community, it assumes the form of a Nordic micro-model, continuing to mediate between its social partners, involving itself in promoting participatory innovation, efficiency, and product development.

But the NordMod Project also identifies certain forces and trends that are making life more difficult for progressive political approaches, and not only in the countries of the North. ... *and its crucial challenges*

These factors are sapping the vitality of the Nordic functional troika of economic governance, organized labor markets, and public social services. Among those worrisome trends, three merit special mention: globalization, technological change, and climate change. Even though they had created excellent, broad-based educational systems, spent large sums on research and development, and benefited from a stable banking sector, the small globally-exposed economies of the North were still hard pressed by the financial crisis. Further, even a commitment to a »green« innovation and industrial policy cannot prevent sectoral displacements when it comes to the digitalization of the economy,

as the examples of Nokia in Finland and Volvo in Sweden demonstrate. On the whole, the region got through the economic crises of recent years fairly unscathed; in fact, even Iceland, the country hardest hit by the crisis, has managed to recover.

When it comes to distributive justice, international comparisons show that the Nordic countries remain among the most egalitarian of all societies. Yet even there the concentration of wealth has proceeded apace. The distribution of wealth in the Nordic region is comparable to what it was in Germany around the year 2000. Sweden has recorded one of the most pronounced processes of wealth-concentration during the previous decade. In contrast to the relatively equal distribution of income, industrial and financial fortunes in Sweden have long been closely held by a small circle of prominent families.

In terms of economic, political, and technical currency factors, the Nordic member-states of the EU as well as non-members Norway and Iceland have been dependent on their ties to the EU and, generally speaking, to developments within it, especially its internal market and the euro. The case of the Latvian construction company Laval offers a striking example of the way in which the EU exerts pressure on the Nordic countries' labor and social systems. On December 18, 2007 the EU court rendered a verdict that, in one fell swoop, invalidated Sweden's holistic labor contract model, weakened the position of wage-earners, and opened the Swedish market to social dumping.

Increased immigration not only puts pressure on labor markets; it also tests the countries' integrative capacities, disrupts social homogeneity, and uses up accumulated stocks of »trust capital,« which, in turn, normally undergird the community of solidarity. The weakening of solidarity serves to open an entering wedge for right-wing populism, and risks destabilizing political institutions.

The demographic transition has also been felt in the Nordic countries, although they have developed some successful gender and family policies to blunt its effects. But it still intensifies financial stresses on the healthcare, eldercare, and pension systems. In recessionary times, these fiscal pressures put extra strain on social democratic parties and labor unions, throwing into clear relief both the interests they share and those that drive them apart.

The concluding report submitted by the panel of experts at Fafo acknowledges the challenges and lays out a set of options for addressing them. But the document's authors are hesitant to translate political declarations into political guidelines: »... we need new stories and expressions to frame the concerns, needs, and dreams as they are lived by the peoples of the Nordic countries.« In this way the joint declaration of all the SAMAK member parties and labor unions summarized its mission. Nevertheless, the declaration (entitled »We Build the Nordics«) only partially fulfills its aspiration to build a bridge from the existing lineup of challenges and values, on one hand, toward a new narrative containing a set of concrete political instructions, on the other. The divergent interests of the member parties and unions, their differential ability to affect political outcomes, and their distinctive national characteristics as embodied in varying economic and social orders had to be taken into account, and sometimes outweighed the common features shared by all the Nordic countries.

All of the actors involved were searching for answers to six central issues:

- *Innovation.* How can we guarantee that goods and services are produced in profitable yet environmentally sensitive ways in an age of global competition?
- *Work.* How do we insure a high level of employment as the foundation for sustainable prosperity and well-being?

*Regaining discursive sovereignty*

● *Cooperation.* Cooperation among social partners and between them and the institutions of the state is of course indispensable, but how can it be transformed into a genuine partnership at the national level or within each individual firm?

● *Participation.* How can society be made more egalitarian?

● Social security. What sorts of commitments are needed to make sure that disadvantaged social strata have decent living conditions and a voice in decision-making?

● *Mobilization.* How can one mobilize enough political and social support for social democratic parties and labor unions?

The concluding report envisions two different scenarios, depending upon whether unions and social democratic parties can come up with convincing answers to those crucial questions and are then able to organize the requisite political, economic, and social support to implement them. On one hand, there is the Nordic Model, which is conceivable provided that broad support for it is forthcoming from the general public as well as from all the established parties and organizations. That model would benefit from its international appeal and have the energy continually to renew and repair itself as needed. The less optimistic outcome would be the persistence of the Nordic Way, which would combine rhetorical adherence to Nordic principles for reasons of state with the de facto hollowing out of central institutions and instruments. Welfare and living standards might continue to improve even though inequality kept increasing and the labor force participation rate stagnated or began to fall, so that some groups in the population were unable to share in the country's overall success. Under those circumstances, it would be more and more difficult for social partners and progressive parties to forge the needed stable coalitions.

An initial glance at the economic foundations gives good reasons for optimism

about the future. Yet the Nordic economies have an Achilles' heel that is not discussed in the report. Although states in the region have low levels of sovereign debt, the indebtedness of private households is increasing at a record pace. The housing shortage and high real estate prices in big cities mean that more and more Danes, Norwegians, and Swedes are deep in debt. But by the same token, they do not seem especially eager to pay down those obligations. The IMF and the Central Bank of Sweden view this mountain of debt with great concern.

In regard to discourse about socioeconomic policies and programs, both the scholarly report and the declaration constantly emphasize – correctly – the special significance of the region's employment policies and the way in which its organized labor markets work. The Nordic Model is based more on the achievements of the labor market and welfare state than on comprehensive state regulation. For example, labor unions are entitled to sign »collective« contracts with their employers that cover all aspects of the work relationship and establish binding norms. That is one reason why the Fafo report treats union efforts to recruit new members as a key parameter of the Nordic approach to labor markets.

In his contribution to the report, the Finnish economist Juhana Vartiainen soberly traces the difficulties encountered by Nordic social democracy in reforming labor markets or social security systems, while also examining the question of discursive sovereignty in Nordic societies. During the 1980s, Olof Palme may have symbolized for the Swedish Moderates everything that they hated about the Social Democratic welfare state, but meanwhile they have come to accept the basic elements of the Nordic Model. In the 2006 elections, that change of attitude made possible their breakthrough win, which was patterned after the successful strategy of

the Norwegian party, Høyre. SAMAK rightly points out that the bourgeois parties may offer rhetorical praise for the *Nordic Way*, yet they are reluctant to accept that labor unions are a foundational element of it. Hence, their policies amount to a revision of industrial relations.

For the next decade, the evolving political landscape will keep imposing stress tests on the Social Democrats' hopes of gaining and retaining power.

The most recent Reichstag elections in Sweden confirmed that the axis of politics is shifting rightward. Norway is the one country that today could still be considered a bastion of Social Democracy, with a potential voting base of 35% or more. True, Sweden has a red-green minority government, but the parliamentary majority has moved to the right of center.

Ultimately it is the right-wing populists who hold the balance of power. Whether we are talking about the »True Finns,« the Sweden Democrats, the Norwegian Progress Party, or the Danish People's Party, their political formulas are similar: social populism and skepticism toward Europe, combined with critiques of elites and immigration. Even for Social Democrats, this is a dangerous melange. According to internal voting studies conducted by the trade union federation LO, their members, responding to questions about their voting preferences, still put the Social Democrats in first place (51%), but the far-right populists already come in second (11%). In Norway, the latter actually have assumed direct responsibility for governing as the junior partner in a coalition with the conservative party.

The Nordic Model uses an axis for determining left/right orientations that puts primary emphasis on economic and social policy positions. But a newer approach, the TAN-GAL, locates the left/right divide along the axis of »green, alternative, and libertarian« versus »traditional, authoritarian, and national.«

The more complex partisan landscape that emerges from these crosscutting lines of conflict complicates the task of forming majority coalitions capable of governing. That changing political environment also can undermine the Nordic countries' cooperative political style and even their ability to make policy effectively. Over the long run, those trends may undermine popular trust in state institutions and thus also the welfare state itself, which of course depends on citizens' willingness to pay taxes. Moreover, it certainly does nothing to simplify the Social Democrats' efforts to gain a political majority in the upcoming elections. Rather, the latter will have to rely on smart alliance- and coalition-building.

In short, the future of the Nordic Model depends largely on the ability of labor unions to shape social policy and to act in concert with the Social Democrats. However, the close cooperation between social democratic parties and unions, once evident in their overlapping personnel and institutional support systems, really persists nowadays only in Sweden and Norway. Furthermore, the LO-style blue collar labor unions are losing ground in all countries, while the burgeoning white collar unions prefer not to be pinned down politically.



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## At the Crossroads

### »Industry 4.0« and the future of Rhenish capitalism

One of the striking features of high-flying, Silicon Valley-style capitalism is its self-professed obliviousness about history. As the apologists of the California ideology see it, the Internet just appeared one day out of nowhere, generating a never-ending stream of inventions and services that are changing the world. What they deliberately overlook is that the groundwork for the digital revolution was laid by decades of systematic research and billions of dollars of investment by the military-industrial complex. Nor do apologists acknowledge the fact that the remarkable creativity of a few corporate CEOs like Steve Jobs and Bill Gates would have been impossible without the hordes of hard-working developers and programmers who transformed their ideas into marketable products.

In other words, the digital revolution is path-dependent. Developmental paths link the past, now definitively established and beyond change, to a future that – while still open-ended – nonetheless follows rather closely the tracks and guideposts of what is already there. Indeed, paths often extend farther back into the past than we might think. For example, the current prosperity of German society is by no means just a product of the economic miracle of the 1950s, leavened by a couple of pension reforms and a pinch of democratization. The basic outlines of our economic system reach back to a time that social democrats, especially, would not want to characterize as a beacon of progress: the era of Imperial Germany. Despite the Kaiser's martial music and the anti-socialist legislation with which we associate that era, it did give birth to the social system of production to which the economy of the Federal Republic still adheres today.

The economic historian Werner Abels-hauser who coined the term »social system of production« cites three crucial characteristics to describe those durable arrangements:

- A technology- and export-oriented culture of cooperation at the level of the individual firm, in which banks rely on »patient« capital and network-building to encourage a long-term entrepreneurial perspective. The state and formal associations function as moderators, reconciling divergent political interests.

- A large number of regional business clusters that effectively integrate their supply chains and thus boost the competitiveness of their diversified, high-quality products on the world market in a way that benefits all the participants in the cluster.

- A dense, historically evolved landscape of economic institutions and rules of the game, which – to the extent that they are accepted voluntarily – keep actors' transaction costs low and more closely align the utility functions of employees with those of the companies that employ them.

Even today, these three categories still aptly describe the high performance levels of the German economy:

- Now as then, industry sets the tone for the entire economy, while engineers are far and away its most important occupational group.

- High-quality automobiles, a diverse array of machinery and production facilities, and other export goods destined for the global market are still being produced. The federal tradition gives a strongly middle-class stamp to the economy. For example, the »hidden champions« of the Swabian Jura (a geological formation

located in Baden-Württemberg) dominate entire global markets from their hill-tops.

● It is not only the culture of work that is more inclined to be cooperative than confrontational. There are forms of cooperation similar to co-determination in other branches of the economy as well – for example, between banks and industry, or in the relations between the economy as a whole and the political process.

For decades now, the German model of production has rested on these pillars. That model, in turn, has been the basis for the development of the social welfare state and even, in the last analysis, of the entire organization of society. For good reason, Germany has never participated in the »gloom and doom« prognoses of industry's imminent demise despite anxious questions in the air about the increasing prominence of services (since the 1970s), about China's future role (since the 1980s), and the implications of digitalization (since the 1990s). German skilled industrial labor, German engineering and tinkering, and cooperative industrial relations have continued to set the standard for the economy. As before, companies such as Daimler, Siemens, or Volkswagen are the country's poster children.

A few years ago, when a rudimentary form of digitalization appeared on the horizon, the country's political and economic nerve centers really should have been induced to pause and take stock, perhaps with an eye to revising the broad outlines of the German model. Even though a lot has been happening in the background, it remains obvious that none of the country's showcase firms is in the digital avant-garde, and that the IT, software, and telecommunications sectors are underdeveloped, both in Germany and in Europe as a whole. As the Chair of the Board of Directors of Deutsche Telekom remarked, we Europeans »have lost the first half of globalization.«

But optimism is a more appropriate response than critical questioning. Germany is looking forward to the impending Industry 4.0 age confident that it holds a winning hand. By common agreement, Germany possesses certain classical industrial virtues: automated production, high unit output, advanced diversification, and extraordinary engineering know-how. In the coming epoch, all of these will be fully engaged. The current analysis, expressed in a slightly exaggerated form, would concede that Silicon Valley made the Internet into what it is today, but predict that in the machine-to-machine age, algorithms and machines will converge. Here Germany does indeed have a leading role to play!

Here, our intention is to cast a critical eye on the conventional wisdom and ask whether, given Germany's specific kind of path-dependency, this optimistic prognosis looks likely to pan out, or whether foreseeable *Germany's leading role* trends might jeopardize Germany's leading role as an industrial – eventually digital – producer. The desire to preserve one's own social system while simultaneously transforming the business model that underlies it might turn out to be a dangerous balancing act.

It is revealing that the term »Industry 4.0« originated in Germany, coined by strategists in the Federal Ministry of Economics. The rest of the world prefers the expression »machine-to-machine.« So can we be certain that industry will continue to be the centerpiece of the German economy in the future? Or is it possible that disruptive innovations will generate entirely new forms of value-creation, while a shift in the global relations of production could be accompanied by a displacement of actual production itself?

Let us consider first the impact of disruptive innovations. There have always been inventions and ideas that do not sim-



ply improve upon products and processes in small increments, but redefine them in fundamental ways. Just think of the steamship, which began to replace the sailing ship toward the end of the eighteenth century and eventually dominated seafaring, or the automobile, which rendered horses obsolete as means of private transportation around the end of the nineteenth. As the twentieth century drew to a close, the CD gradually replaced the vinyl record as the preferred sound storage medium.

Such transformations always have been accompanied by a shift in technological leadership for the product in question. There came a time when joiners and sailmakers were no longer needed to make steamships. By the same token, automobile manufacturing required no horseshoe blacksmiths. When CD players came on the scene it was suddenly unnecessary to reproduce sounds mechanically via polished sapphires, since laser heads could now »read off« the sounds. Comparable – albeit improved – product utility was accompanied by a radically changed basic technology.

Revolutionary innovations have been given powerful impetus by digitalization, but that is not all. A pattern has started to emerge: Digital always wins.

*Digital always wins* When the »DARPA Grand Challenge« for self-driving cars was held in the Nevada

desert in 2005, a VW Touareg came out on top, having covered 213 kilometers in 6 hours, 53 minutes without any human intervention. Shortly thereafter, we witnessed a triumphal procession of cars that had been developed by IT companies rather than by automobile manufacturers. The difference is this: German car designers take the automobile as their starting-point and think about how to make it more intelligent by integrating into it, item by item, the constant stream of new digital aid systems, whereas Google thinks in terms of digital technology and looks for areas in which

digital innovations can replace traditional technology. Thus, on one side we have German perfectionism – steady, step-by-step improvement which finds expression in the much discussed Continual Improvement Process (KVP, in its German acronym). On the other side we find the daring roll of the dice, a thrust into the unknown. Which approach is more forward-looking when one lives in an era in which the world is in the process of being reinvented? These trends need to be analyzed especially against the backdrop of global shifts and displacements. Today, facing little competition, China cheaply builds everything that has to be assembled. The United States not only invents new services; it also devises control software for the networked production systems of the future. It is possible – indeed likely – that this new control software will be used to modernize the seriously-antiquated American production facilities, thereby giving the USA a boost in productivity and product quality. In this way, improved American goods can be combined intelligently with smart services. If that scenario should come about, today's industrial behemoth, Germany, could be ground to dust between China, the world's workshop, and the United States, the global software headquarters. This ominous trend would have enormous implications for the social system of production and its future prospects.

Considering these tendencies, Germany would be well advised to rethink its position as the leading industrial country and adjust its export policies when needed. Up until now German firms have been making products that at least were developed in Germany and then marketed around the globe. Even in the classical industries, that system has been running up against limits. This is the case, for example, in the Chinese market, where it has become clear that German-designed products are not as well received as they once were. Moreover, the global economy of the future,

*Trend has caught  
Germany napping*

under pressure from international organizations and NGOs, will evolve from a cash-and-carry to a give-and-take model. That is to say, instead of being merely an exchange of goods for cash, trade will be carried on for long-term mutual advantage. This trend has caught Germany napping. Social innovations will be especially crucial for this approach to trade, yet in this country little has been happening in that field. The term »social innovations« encompasses products and services intended to tackle social problems that tie into a firm's core business through profit-oriented economic activities. They may offer one answer to the dilemma adumbrated above, since social innovations combine a culture of fair cooperation, a long-term business outlook, and responses to social needs. They challenge firms to transform themselves with an eye to the future. Efforts to address unresolved problems in society, it is thought, will make firms more relevant while also enabling them to increase the sales of their products. Recent experiences suggest that high-level technical achievements also can be regarded as strategic contributions to development, assuming that ethical issues have been taken into account.

This dynamic is particularly relevant in the context of opening up new markets, especially in today's developing and newly-industrializing countries. The potential for socially useful innovations hardly has been tapped, but a few examples will suggest what might be done. Allianz, an insurance company, has insured low-income people via so-called micro policies for just a few euros a year. Unilever has trained 80,000 dealers in rural regions of India, who now supply its products to three million households a month. Vodafone, in tandem with its partner Safaricom, now offers a mobile, low-cost banking service through which more than US \$ 50 million are transferred in Kenya every day. Intelligent, sustainable

business models enable firms to enlarge their markets while also improving society. With some thought and planning, the German export model could be adjusted along these lines. In broader terms, it is time for a brutally honest reappraisal of both the strengths and weaknesses of German capabilities and also Germany's plodding style of doing business. One thing is clear: German industry continues to be a leader in fields such as automobile manufacturing, machine tools, and industrial facility construction, yet digitalization tends to undermine the value of engineering know-how and highly skilled labor. In the future, success will hinge less on the professionalism of the producer than on new capabilities of control, adjustment, and networking.

For Germany these considerations would imply that the country should embark on a path leading from »industry only« to »industry plus smart services.« This move will involve challenges to devise new regimes of labor and production, and these should be addressed in the tradition of Rhenish capitalism, i.e., by a stress on democratic procedures consistent with Germany's social contract. The transition would offer a unique opportunity to combine Germany's pre-eminence in fields such as intelligent robotics and humane mass production with its competence in other, more lightly-regarded areas such as telecommunications or the underdeveloped sector of IT services. The result could be a new alliance for success.

If we don't forge these alliances, we face the risk of a splintering along several lines of fracture – a breakup into regions, as well as divisions along the axes of technology. Germany still will be tops in production and broadband availability, but American standards and eventually American products will be superimposed upon it. In short, if big data is the

*No industry  
without IT;  
no prosperity  
without sweat*

oil of the digital society, the rights to it should not be lodged exclusively in the United States, especially not if licenses are going to be sold on Wall Street to the highest bidder.

The implications are obvious: In the future there will be no industry without IT, but also no prosperity without sweat. The social system of production offers some points of contact. Germany's tradition of

corporatism could aid in the creation of new alliances, while co-determination could have a stabilizing effect during the transition. Meanwhile, regional variations might provide enough diversity to encourage different lines of experiment and inquiry. Path-dependency certainly does not mean that there are no crossroads ahead at which one might turn either left or right.



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## Digital Technology and Human Freedom

My thesis is very simple: that digital technologies are both our best hope and our worst enemy. On the one hand, big problems like climate change and disease are unlikely to be tackled without those technologies. On the other hand, digital technologies create political and economic challenges of their own. They aggravate various neo-liberal tendencies that are already present in our society and they entrench corporate interests over those of the public, which is not surprising. The political task ahead, then, is to amplify the positive uses of these technologies and to minimize the negative ones.

The philosophical principles presumed here are not complicated. However, whenever we talk about digital technologies there is a lot of confusion in the air, in part because they span everything today from e-books to drones and smart thermostats to Uber, an online agency that matches up prospective car rental customers with private car-owners. So we

*Sensors, filters,  
and profiles*

need some analytical clarity concerning the technologies we are talking about. In particular, I would like to focus on three categories that play some role in most digital technologies: sensors, filters, and profiles.

Take the example of a Google search. Google's search box is a sensor of thoughts: It captures your intention to find something. To deliver proper results, Google must depend on *filters* to separate what's relevant from what's not. It determines relevance partly by drawing on a *profile* of you based on what you have done in the past, what is stored about you in its memory, and your current location. By employing that profile, it generates a result that is highly individualized. And since Google now is present in so many other domains of our everyday life, in smart cars, in smart thermostats, and (very soon) in our glasses, the profile that we have with Google includes virtually all of our interactions with that company. The totality of our Google interactions embodied in all of these serv-

ices is present more or less any time that we launch a simple search inquiry.

Similarly, Uber draws on certain sensors – our smartphones – to understand where we are in the city. It then uses filters to match supply and demand at the most profitable price. Finally, it relies on profiles of both the driver and passenger to reduce mutual concerns about misbehavior. Drivers rank passengers, passengers rank drivers, and the hope is that the market feedback mechanism will always be able to screen out the good ones from the bad ones. That is the logic – and it is a very neo-liberal one – on which Uber operates.

The ability to capture our behavior in real time and to store it for future personalized use is one of the key features of the emerging data-centric capitalism. Its promise is the ultimate and total personalization of our everyday experience that will be based on the preferences captured in our profiles. Such personalization can increase the efficiency of resource use, reduce waste, and lead to more sustainability. These possibilities are really inherent in the technologies; they are not a myth perpetrated by Silicon Valley.

*The promise of ultimate and total personalization*

The announcement that Uber and Spotify, the music streaming service, are going to form a partnership means that, from now on, passengers in the Uber car will be able to listen to their favorite Spotify songs as they travel. This is possible precisely because our music preferences have been collected into a profile – a digital identity of thoughts – and that profile now can be shared across various data platforms.

The Uber/Spotify example might seem trivial. And it is, but these new smart devices can – and some already do – generate many different profiles. Smart thermostats generate profiles of our preferred energy use; smartphones (not to mention self-

driving cars) create them for our physical activity and movement; search engines and social networks profile our information needs. Anyone thinking about the future of how transportation, education, energy, and health services will be provided cannot afford to ignore these data. To ignore them would mean, in effect, inviting a bunch of (mostly American) entrepreneurs to disrupt those services. We cannot ignore the possible role that data can play in making such services more efficient or entirely different from what they were in the past.

Once these data are available, they can lead to all sorts of useful experimentation and innovation. Entire communities might opt for a different model of public transportation, for example. A bus service could pick up passengers based on actual transportation needs at a given time and not on some pre-arranged schedule. Based on the intention of other passengers and with the help of a smartphone, it would be possible to calculate precisely where and when the bus had to be in order to transport passengers to a certain place. Cities like Seoul and Helsinki already are experimenting with such models. The same applies to energy generation and other resource-sharing. This wave of social experimentation only can become possible if the community has access to the underlying data. When this is not the case, communities will be stuck with the models that will be imposed on them by corporations such as Google or Facebook. So instead of having the personalized bus service described above, they would end up with the likes of Uber providing it in an extremely individualistic fashion, in which all of us would have to travel on our own, as individuals.

The single role that technology companies have in mind for us, the citizens, is that of being individual consumers. We are all invited to join the sharing economy but only as entrepreneurs who will put up our skills, free time, flats, cars – i.e., our »dead

*Psychotic entrepreneurs*

capital« as some call it – for rent on the market. That is more or less the goal of what today passes for the sharing economy. It is all about relying on information and communication technologies to establish efficient markets and then to turn everyone into a kind of psychotic entrepreneur. Why psychotic? Simply because we are encouraged always to be anxious about our reputations. Every interaction with various parts of the sharing economy is recorded, ranked, and stored for posterity, thereby affecting our future interactions. A customer gets into an Uber car and makes a bad joke to the driver. The driver will remember that incident, which will be reflected in the customer's profile. This sort of thing is happening already, and we will experience similar interactions in other sectors of the economy as well. Thus, we will always have to worry about being nice, playing nice, and not doing anything dangerously deviant.

In this sense the sharing economy is truly neo-liberalism on steroids: It creates markets everywhere while also producing an entirely new subjectivity for its participants. In a case that recently occurred in Britain, a woman was not allowed to use Airbnb because she had fewer than 100 Facebook friends. The refusal happened because Airbnb relies upon Facebook to verify her identity. As she has too few »friends,« she is denied permission to participate in this wonderful world of sharing. That will be the outcome if we allow the market to take its course with regard to data and data-related services. Whoever controls the most and best sensors will eventually control all the profiles. Ultimately, we will end up with two companies – Facebook and Google – that will control the entire field of »digital identity.« That would mean, among other things, that these companies would become key intermediaries in determining how every other service, including energy, health, educa-

tion, insurance, and banking, is to be provided.

Both Facebook and Google benefit from network effects, each in its own way. Facebook's service is more valuable the greater the number of people who use it to pursue their social activities, and the services of Google gain value as the company manages to assimilate and organize ever more of the world's knowledge.

It may be true that both searches and social networking are, in fact, the kinds of activities that can be pursued meaningfully only by monopolies that draw on an extensive base of information gathered from a variety of social domains, and not just from a single one. Thus, I would argue that, instead of breaking up Google into various components – for example, making search separate from video, e-mail, and maps – we might opt for a different sort of breakup. We must take the matter of digital identity completely out of the commercial jurisdiction and instead turn it into a public good, a data commons of thoughts. We should think of this as the intellectual infrastructure that can run data-centric capitalism.

If we really are faced with this emerging data-centric form of capitalism, the only way to guarantee that citizens won't be crushed by it is to ensure that its driving force, data, *The data remains squarely in public commons* hands. There needs to be a greater consolidation of public interest across all three layers, sensors, filters, and profiles. It might sound counterintuitive, but this is indeed how things should be: my every click on any app or any site, my every interaction with my smart thermostat or my smart car, my every move in the city should accrue to me, the citizen, and not to the companies offering those services. Otherwise, the public would eventually see its control over this »click-capital« diminish if not completely disappear.

There are some basic services – very simple searches, e-mail functionality, and so on – that actually could and should be provided for free and as part of public infrastructure. In exchange, some of the anonymized data in our digital profiles could be used by public bodies such as cities, municipalities, and utilities to improve their service offerings, making them more sustainable and personalized. Personalization, by the way, does not need to lead to the kind of concerns about reputation that arise in the context of using Uber or Airbnb, in which everyone constantly is being ranked as a passenger or customer. All that is needed for full personalization and anonymity are technologies that would rely on encryption to understand what you want without necessarily realizing who you are by name and profile.

The plan I have just outlined doesn't mean that technology companies would simply disappear. Instead, they could continue to offer whatever advanced and personalized bonus service they please after licensing the use of this data or paying for it in some other way. For example, Google might provide whatever features it likes that would not be included in basic e-mail service. In other words, Google can supply whatever advanced functionality it wants, but advertising would no longer be the means to pay for it. The company might offer advanced personalization of searches by virtue of its algorithms and advanced artificial intelligence technology. All of that is still possible. What I propose is simply to take advertising and commercial data-gathering out of the system of payment. Other companies, including many startups, currently cannot compete with Google and Facebook, because they lack the data. Without access to the data, no matter how good their algorithms are, they will never be able to contest Google and Facebook on a level playing-field.

If things continue as they are, we'll end

up in a world in which one or two giant technology companies become key gateways to virtually every single service that is currently provided either by the state or by the market. Those services, too, would be provided by extremely ruthless technology companies keen to gain control of everything under the sun. Alternative modes of social and economic organization that would try to use resources collectively and on a logic that is different from the neo-liberal premises currently pursued by these companies would be blocked at every turn.

The first step in a different direction would be to ask a very basic question: Are data assets? Are they commodities that can be owned? Who owns them? Can they be owned at all? And if we are moving into a data-centric and data-intensive capitalism, what does it mean for the public not to be able to control the key resources of that age? Can politics still maintain any effective control over the market if the data that are its key resource lie beyond its reach? I don't think that is actually possible.

So it's only by answering such questions that Europe – and I don't expect much of America here – can mount a response to the alliance between Silicon Valley and neo-liberalism. It will not do to create a European Google; to think in those terms is to miss the shift to data-centric capitalism. We should not just dream up new ways to regulate Google and Facebook and their ilk. We must also cogitate about, and reinvent, the basic form in which the services that they currently provide should be supplied in the future. The model by which we currently operate actually would not have been chosen by anybody concerned with the public interest and public agenda.

Breaking up these firms into individual units will not bring about the changes we need. The right way to think about dismantling such companies would be in

terms of basic versus advanced services. The former could be provided for free and made accessible to all, while the companies could still make money on advanced services, but without hoarding the data generated in the context of their use.

Thus, what we need is structural and institutional innovation that could reclaim data as public goods, moving them outside the domain of market regulations, and then promoting all sorts of entrepreneurial activities besides. This won't be easy, yet

the incentives for politicians could not be greater. If we were to allow another decade of inaction, Google and Facebook would end up running their own quasi-states, as they would then control both our identities and our access to basic infrastructure. This dynamic is already unfolding in parts of the developing world as the two giant companies begin providing connectivity infrastructure. A more depressing environment and prospect for human freedom can hardly be imagined.



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*Gesche Joost*

## **Don't Fear Big Data**

### **Digitalization offers enormous opportunities, too**

»It is a capital mistake to theorize before one has data.«  
Sherlock Holmes, »A Study in Scarlet« (Arthur Conan Doyle)

What is the state spending my tax money on? Which daycare center still has openings? Where are there subway stations with disabled access? All of these questions can be answered by open-data applications. Accordingly, the former EU Commissioner for the Digital Agenda, Neelie Kroes, called Open Data »the new gold, the fertile soil out of which a new generation of applications and services will grow. In a networked age, we all depend on data and opening it up is the best way to realize its value and maximize its potential.« But how can we mine this gold in such a way as to allow everyone to participate? What political and social conditions have to be met to insure that the Open Data movement can flourish? How can we support a

generation that understands itself as part of the so-called »maker movement«? We will have to find answers to these questions – including political ones – in order to make the best use of the enormous economic and social opportunities inherent in Open Data.

The term »Open Data« refers to a scheme for insuring that data will be accessible to and usable by each and every person in an open format. Personal data and data related to security would constitute an exception. Open Data include, for example, information about traffic, the earth (geo-data), social issues, meteorology, research, culture, administration, and much else.

At the Lough Erne G8 summit in June

of 2013, the Open Data Charter was agreed upon. All the G8 member states pledged to uphold the »broad publication of administrative data within the meaning of ›Open Data« (Federal Interior Ministry: National Action Plan of the Federal Government to Implement the G8's Open Data Charter). Open Data movements such as the »Open Knowledge Foundation Deutschland« go a step farther, advocating the opening of all data sets.

To make Open Data usable, the raw data available to administrative bodies, private companies or NGOs have to be subjected to a second stage of processing, so that information contained in data sets can be structured and read by machines. Ideally, users of Open Data would be able to draw upon data sets in an interface that would permit them to link the data automatically and thus to produce new information.

To cite one example, the city of Heilbronn – with the assistance of Open Data supplied by the administration on the website »What is in my tap water?« – maps drinking water quality on a street-by-street basis. This enables users to find out, for example, how much sodium, potassium, calcium, magnesium, etc. is contained in their drinking water. Yet the application does more than merely provide a visual display of data supplied by local governments. It offers additional, more advanced information, such as the recommended daily allowance of sodium, and compares the magnitudes of substances found in drinking water with those in mineral water.

Another potential use of Open Data applications is aimed less at opening up previously existing data sets than at generating new data sets via crowd-working. In one case, the »fix my streets« initiative in Great Britain relies upon citizens to report street damage on a website. Information thus collected

will be forwarded to the responsible agencies. So, in effect, the agencies get their streets checked for free, while citizens now can be sure that their voices will be heard. This is a new form of civic cooperation intended to improve the city.

Both of these examples illustrate how a new relationship is emerging between the state and its citizens. That is one reason that Open Data is frequently linked to Open Government in public discussions.

Open Government indeed is based on the principles of Open Data, but it mainly refers to a cultural shift in the relationship between state and citizens. In place of the »closed shop« mentality that used to characterize political action, the state under Open Government principles has begun to evince an unprecedented degree of transparency vis-à-vis its citizenry. Barack Obama is regarded as the trailblazer of the Open Government movement. In 2009, in a memo to executive-branch departments and agencies, he declared the principle of openness to be the guiding ideal of his policies: »My Administration is committed to creating an unprecedented level of openness in Government. We will work together to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government.«

Cooperation and openness are also the goals of the NGO called »Code for America,« which was founded in San Francisco in 2009. Administrative bodies and avant-garde technical thinkers are networking so that they can collaborate on the basis of Open Data. At the heart of this NGO's mission is a fellowship program that enables IT developers to spend a year in local administrations and eventually create applications that will directly improve the citizens' lives. For example, by using the app »Where is My School Bus?« parents

### *Generating new data sets*



can see where their children's school bus is at any given moment. The White House already has copied the fellowship model, pairing up government officials with software developers. In the Federal Republic, »Code for Germany« was founded in February, 2014 and is already active in thirteen German cities, in so-called »OK Labs.« As Julia Kloiber, one of the group's founders, remarks: »Since the kickoff in February, members of the OK Labs have spent nearly 10,000 hours in regular meetings, devising codes that will further develop their towns. In this way, they help their fellow citizens find daycare centers for their children, inform them about building projects and urban development, do comparisons of local drinking-water quality or particulate matter levels, and much else.«

The by-now legendary British application known as *wheredoesmymoneygo.org* can be seen as the poster child for the new dimension of political transparency. Here

*The data of the maker generation*

Britons can use Open Data to run a daily check on the state's spending for budgetary items such as education, culture, and administration, and then perhaps try to reconcile the results with the campaign promises made by politicians. In this way the Open Data movement pursues fundamentally democratic goals.

Open data are not inherently valuable. To turn raw data into applications that improve the lives of everyone, we have to find committed developers and designers who are willing to create those apps and continually improve them – often in their free time, and as volunteers. In his *Maker Movement Manifesto*, Mark Hatch writes »that we can collectively use our creativity to attack the world's greatest problems and meet people's most urgent needs.«

The caricature image of young people that often has been disseminated by the media, in which they sit alone in front of

their computers and play »World of Warcraft,« finally has reached the end of its shelf-life. There is much more at stake for the »hackers« of the »maker generation.« They want to share in the use of digital innovations in order to launch local and global projects that solve problems.

For example, the »Betterplace Lab« in Berlin is researching the platform »Babajob« in India. On that website, job-seekers can apply for a position via text messaging or phone calls. In the past, jobs were filled exclusively by word of mouth, and work contracts were rarely signed. This platform renders both pay scales and job locations transparent. Its users have been able to increase their wages by 20%.

There has been ever greater reliance on the »crowd.« especially when emergency digital assistance is involved. The Open Source platform »Ushahidi« (*ushahidi.com*) enables users to aggregate information in crisis zones and visually displays critical areas on a map. Users can resort to instant messaging to report information about trouble spots, environmental disasters, or significant supply bottlenecks. Volunteers review GPS data from these reports and use a variety of media sources to evaluate the coherence of the information thus received. By now, relief organizations are employing »Ushahidi« on a global scale, as when disturbances broke out on the margins of Kenya's 2008 elections and earthquakes hit Haiti in 2010.

Our age is marked by a fear of data use, which comes to light especially in the notion of Big Data. Edward Snowden's revelations about the data-collection mania of secret services have disturbed many people deeply. Furthermore, the unrestrained exploitation even of personal data by social networks has caused more and more citizens to lose faith in the Internet. Consequently, a debate about the limits of data use should be a top priority, especially since political

*Moving the debate forward*

decision-makers have been called upon to enact and enforce those limits. The debate sparked by these incidents, however, obscures the positive aspects of the use of public data, just as those are concealed behind the concept of Open Data. The examples cited above should prove that we don't need to fear the data age; rather,

it offers us numerous opportunities and positive trends. Open Data helps us influence jointly the direction the commonwealth will take and brings politics to life again. Our goal must be jointly to establish the proper parameters so that we can seize the enormous opportunities that digitalization presents for society.



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