SWEDEN

*In splendid isolation you can always be
the one and only. First but also last.*

Gunnar Hökmark, Stockholm Free World Forum

Introduction

Digitalisation in Sweden has not been a controversial issue, although the various consequences and risks have always been discussed, not least the issues surrounding data privacy. Those issues have, perhaps, been more tense in Sweden than in many other countries due to the principle of public access to official records.[127] The principle is a part of how Sweden is governed, with all official documents available to the public unless there are special reasons for secrecy, which then must be proved. This hasn't hindered the fact that digitalisation is not only widely accepted but also welcome as a matter of modernity, efficiency, productivity and simplification of daily life.

This normalisation of digitalisation is also the reason that Sweden, as well as other Nordic countries, has been hesitant in accepting the idea of a special digital tax that would shift taxing rights to the country of the consumer or user. For Sweden, this is considered a deviation "from internationally established principles"[128] - the digital economy should be treated no differently from the traditional economy in this regard, with taxation occurring where value is created. This approach is also characterising the Swedish approach to AI, in which the Government's stated goal is to make Sweden a leader in harnessing the opportunities that the use of AI can offer - with the aim of strengthening Sweden's welfare and competitiveness.[129] Emphasis is also placed on the need for cooperation and developing international partnerships both within the EU and globally.

A Perspective on the Swedish Approach

There are a number of reasons for this way of looking upon digitalisation and AI as natural parts of the technological development of our society. Sweden is a technology-friendly society and industry combined with individual curiosity and awareness of international development. Quite soon after their development, automatic data processing and computers came into use in Swedish industry, which itself was often technology driven, and during the 1980s taxation rules made it easy to have a computer or later a laptop at home.

The IT-development gathered pace via the telecom-company Ericsson and the cluster of start-ups and companies around its rapid development. The following dotcom boom resulted not only in a bubble but also in an environment full of entrepreneurs, programmers and engineers developing new start-ups and new industries, such as Spotify, Klarna and other fintech, and the emergence of e-sport, gaming companies and video-games, as well as a rapid digitalisation of media, banks, travelling companies and so on.

Digital sovereignty has from this perspective never been an issue in the Swedish debate, rather there is an emphasis on the need to safe-guard competitiveness and to be open to new innovations driving digitalisation or growth. On the international market there has been no demand to restrict or hinder others or require digitalisation to be of Swedish origin. Developments from all over the world have been welcome and have contributed to the Swedish digitalisation, new innovations and competitiveness. Our main question has been and is how to lead globally and to facilitate this through the internal market.

Sweden and the EU in the digitalised world

The reasons are simple. In a digitalised world you are always competing with the whole world, unless you choose to compete only with yourself. In reality that means you are destined to end up last, because without competition and the contribution from the best you will never be the best.

The logic of the digitalised world is that you are not on your own but together with everyone else, without any boundaries or borders. If you choose to withdraw from the world, or to build barricades between you and the rest, you will not only become less competitive, you will also lose out on the benefits of the digitalised world.

Digitalisation means full access 24/7 to all the information, news, knowledge, goods, services and markets in the world. But full access to the world is only one part.

The other part is the best possible capacity and capability to analyse information, process data, steer production, supervise systems, manage activities and distribute services in the widest sense. It is the information, the data, the production, the systems and the services that are the core essentials. If you decouple yourself from that you will lose the best of it.

It is like in many other areas of society. The important thing is not where the car is produced but wherefrom you can go and whereto, and how your traffic system develops. It is not where the powerplant is situated that determines if the economy is advanced and competitive, but the access to electricity and how you utilise it.

While the car industry is advanced, the mobility in your society is defined by the number of cars, the roads, the infrastructure, and the number of skilled car drivers. And it is of course not at all a bad thing to have plenty of power production in your country but in the end it is a matter of transforming oil, gas, wind, hydro or nuclear into electricity. And the crucial thing is how you use it.

The ongoing debate about digital autonomy or sovereignty, ironically enough driven by the same Commission that is supposed to defend, uphold and deepen competition, is a way to decouple or shield European companies from global competition. The goals regarding digital sovereignty or digital autonomy feed a logic that makes it more important where capacities and capabilities come from, and what country of origin they have, rather than having the best and using them the best way.

That is the wrong way to go. If we are to be digital leaders, we need to attract and secure the best capacities and capabilities in Europe, integrate the most advanced digital services into our businesses and use the best platforms for them. The best clouds, the best software, the best word processors, the best search engines, the best business models - all in Europe. We shouldn't settle for second best.

The right way to foster European champions and global leaders is by competition and development in a vital internal market.

There is at least one strong argument for this approach: The rapid development of digital services is day by day leaving a surprised world in its wake.

Forecasters, experts, politicians and businesspeople have time after time underestimated not only the speed and the magnitude of change but also the disruptive character of the development. We have all heard of early forecasts about the number of computers needed in future or about the speeds of these machines.

This has mainly to do with the fact that digital technologies are not only developing exponentially but also changing their character. What was once used for calculation or word processing, and at that time fantastic as such; became e-mail, at that time fantastic as such; and search engines, fantastic as such, and social forums, fantastic as such, have now developed into a world with a web so wide it includes people, companies, scholars, countries, media, universities, Internet of Things, algorithms, AI and all new dimensions of this that change the world from over time.

The point is that what we see is not one defined by any gradual linear development, not even a gradual exponential one, but a number of parallel and exponential developments in new areas turning into new services and new opportunities that are beyond what was forecasted yesterday. That's why forecasting has proved to be so wrong.

Another point is that we are doing new things with new speeds, services and products, replacing old ones or even making them obsolete. All these new services are increasingly a function of growth, enterprising and economic activities out there in the real world.

That's why it is not any more about the telecom sector or about the digital sector. It is about our societies and economies becoming digital, as such establishing fundamentally new logics in sector after sector in our economy.

Europe taking the lead in 5G development would have an impact on European competitiveness and innovation, the development of the single market and new global companies, and on Europe's attractiveness for investments. It would give us a global lead in research, development and sciences and would enhance the inclusive character of Europe. The world's biggest economy can achieve the world's best consequences of leading in an area that will define competitiveness and speed of innovation for a long time.

This is not about leadership in an industrial sector, such as telecom, or digital development, this is about industry and development. This is about the whole of our society. We can't have one set of rules for the digital and another set for the rest of the society, because digital will be the norm in all parts of society.

Once upon a time there was a discussion about electricity as a single phenomenon that could be useful, some thought, for medical purposes or for lighting up houses. The development of electricity was considered a special issue. Today it is not. The production of electrical power is of course important, but more as one of very many industrial sectors. The real change is the electrification of our society.

Today our entire society is based on electricity and it is not possible to think about a modern society without taking electricity for granted. We are electrified, so to say. It is not the electrical industry we talk about today; it is the society that has developed through electricity.

When discussing issues about digital sovereignty, digital autonomy or digital taxes we need to understand that we have already entered a phase where The Digital is not about the future, not even about a sudden development in the present but rather the result of a long development in a short period of time. This changes the logic of digitalisation. A short look back in time is illustrative.

If 3G was modernisation by digitalisation, 4G was the digitalisation of services and 5G now will be the industrialisation of digital technologies - or maybe better the normalisation of digitalisation - meaning that the normal in all sectors of society and economy will be based on digitalisation. Just as electricity is normal and was once part of a wave of industrialisation, digitalisation now marks a new wave of industrialisation and change of our societies.

It will define competitiveness, the emergence of new services and products, production, marketing, sales and distribution. Health care, transports, communications, participation and what have you.

We led in 3G. We proved that we could be world leaders, setting the global standards.

In 4G, we lagged behind, in a way that had very clear consequences for the competitiveness of our economy. Digital services developed with impressive magnitude in US, from all the platforms to social networks and apps. So now American companies are dominant in huge parts of the markets of digital services.

This is the fundamental reason for the present strive to regulate the entrepreneurial and competitive preconditions for European companies. And it is the wrong reason. It is based on the vain hope that regulating platforms and social media will give European companies better chances if we press the Americans back. But in reality, we are rather undermining the opportunities for new emerging European

companies by thresholds that only the already big American companies can master.

When it comes to the launch and the development of 5G and the Internet of Things, our strategy and goals must be based on a broad economic and societal perspective.

Now it is about the European economy as a whole. We won't be global leaders if we go for autonomy or sovereignty because we risk being shielded off from the rapid development in the global economy and forcing our companies to stay within the European markets. And at a time when everything is digital, this is not only about the digital companies themselves. It is about everything.

A strategy for openness

As outlined above, the Swedish approach to digitalisation has been less a matter of a strategy outlined by politicians and more of following a track of industrial development, innovation and openness to new technologies.

The leadership Sweden gained in this area in the 1990s was more a consequence of positive political leadership, structural reforms of competition between different service providers and networks, investments in fiber and the opening up of spectrum to allow for mobile broad band as well as the affirmative attitude to the use of IT and digitalisation rather than support to individual companies or special technologies.

It was a very market-oriented and market lead development where Government and politicians advocated the use of IT. Less political attention and hesitance regarding spectrum allocation has slowed down the development. The ongoing efforts to speed up can be described as follows.

The Swedish digital strategy[130] addresses the capacities and capabilities in Sweden more than the origin of companies or algorithms, or the ownership of software or clouds.

- **Digital skills** is a matter of individuals' opportunities to utilize the digital transformation. It is about participation, modernisation of education, development of the labour market and public digital competence.

- **Digital security** is not just about cyber security but also safeguarding individual privacy and a digital identity for everyone, securing functioning digital markets and making it possible to navigate and take full use of the digital services that become the new normal.

- **Digital innovation** is about entrepreneurship, supporting the development of innovation and the transformation of them into companies. Sweden should be a leading country developing the digital technologies – for example payment services and other parts of fintech - but also in transforming them into business, investments, e-sport, public services, health care and all other areas up for modernization. Swedish companies must gain increased competitiveness through digitalization and IT companies in the widest meaning - from Ericsson to Spotify – should prosper.

- **Digital management** is about securing the management of Government, and about public services and institutions being as efficient as possible.

- **Digital infrastructure** is about access for everyone in all parts of Sweden to rapid broadband, stable mobile services and the best capacities to use and contribute to digitalisation. Maybe this is the most important goal - and at the same time the easiest to define and achieve - because it gives the opportunities and the precondition for a broad and rapid development in all parts of society driven by individual demand and entrepreneurial force.

The group of D9+ countries – the group of digital frontrunners including Belgium, Denmark, Ireland, the Netherlands, Portugal, Sweden, the Czech Republic, Estonia, Luxembourg, Poland, Spain and Finland – recently expressed support for the same approach. In their

meeting in Helsinki, Finland on 27 January, the countries agreed on a resolution with a number of key principles. Among other things, they emphasised the need to engage in global competition and strengthen the European competitive edge; enhance the Single Market while avoiding burdensome regulation; develop digital competence and invest in key enabling technologies that support European competitiveness and accelerate the digital transition; and support technological and digital openness through regulatory cooperation with international partners and ambitious rules in trade agreements.

It is with such an open mind and global perspective that we will become world leaders. It is about capacities and capabilities and about transforming the European economy into a vital digital economy.

This open perspective is something we need to share with the US rather than standing alone in conflict with American companies. We need the transatlantic link for innovative digitalisation in order to develop the values of the free world into standards and ethics of the global economy. By setting the agenda together we can face the threats and the aggressive policies of China without dividing the global economy.

Isolated you are not so splendid as you might believe. On the global scene, an openness to all the inspirations, changes, innovations and competition you may meet, can make you a global leader.

Endnotes

127. *Public access to information and secrecy - The legislation in brief*, Government of Sweden https://www.regeringen.se/4a76f3/contentassets/2c767a1ae4e8469fbfd0fc044998ab78/public-access-to-information-and-secrecy.pdf

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130. *För ett hållbart digitaliserat Sverige – en digitaliseringsstrategi*, Government of Sweden https://www.regeringen.se/49adea/contentassets/5429e024be6847fc907b786ab954228f/digitaliseringsstrategin_slutlig_170518-2.pdf