
Digital Revolution, High-Speed Democracy and the Brave New Working World: Learnings from an Austrian Public Online Consultation Process

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Peter Reichl and Andreas Kovar

Abstract

In the summer of 2015, the president of the Austrian Federal Council has initiated a parliamentary initiative on “Digital Change and Politics”, in order to systematically investigate the political and legislative changes considered to be necessary for an optimal use of the Digital Revolution. Based on a comprehensive public online consultation process, the resulting Green Book discusses the impact of digitization to the working world, quality of life, society, politics and especially the future form of democracy. In this chapter, we reflect outcomes from and experiences with this deliberative process, focusing on economic policy, labour law and the development of future digital marketplaces. While our original material mainly reflects an Austrian point of view, the resulting conclusions are valid on a rather general level, and allow interesting insight into the fundamental challenges of digitization from the perspectives of a huge variety of related stakeholders. At the same time, we discuss opportunities and limitations of the process itself, and thus deliver an authentic description of first steps towards an Internet-based future high-speed democracy which may lead to rather disruptive forms of political debates and decision-making processes.

P. Reichl (✉)
University of Vienna
Vienna, Austria
e-mail: peter.reichl@univie.ac.at

A. Kovar
Kovar & Partners GmbH
Vienna, Austria
e-mail: andreas.kovar@publicaffairs.cc

75.1 Introduction

While the rise of the World Wide Web and the evolution of the Internet into a global information infrastructure have started merely two decades ago, already now the rapidly increasing level of digitization has led to a new economy of immaterial products and services. With the advent of the Internet of Things (IoT), an entirely new industry with novel value chains and networks as well as new forms of logistics is about to be created. There is a broad consensus that this digital revolution will have fundamental impact on the future society, especially with respect to the future working world [1], and therefore has to become a central topic in the political discussion, while, at the same time, it will provide also the new tools, mechanisms and platforms for leading the discussion itself.

Recognizing the urgency and complexity of the topic, in July 2015 the Austrian Federal Council has started a parliamentary initiative which has led to compiling a state of the art report exploring the consequences of digitization on tomorrow's working environments, quality of life, society, politics and democracy. This so-called "Green Book" [2] provides a comprehensive overview on potential legal and political changes which are required for Austria to be in a position which allows to make use of the presumed huge opportunities of the digital revolution, and has become subject of a parliamentary enquiry ("Enquete") held at the Federal Council in Vienna on Nov 18, 2015.

Of course, the idea of using Internet-based online tools and platforms for such a process is not really new, and in fact it has been realized already on many occasions, different levels and/or contexts. Nevertheless, this specific Austrian initiative is considered remarkable in terms of its political innovativeness: while the deliberative process has been performed bottom up as usual, in this case it has complemented with a (top down) parliamentary decision making process. Hence, eventually, the crowd-sourcing participation process has been tied directly to formal parliamentary proceedings, which have been concluded by a binding legislative resolution. The Austrian government is now forced to consider and use the ideas collected, developed and discussed in the public participation process as a starting point for the upcoming Austrian digital agenda. Moreover, from a broader political perspective, the Federal Council, which – as second chamber of the parliament – often is considered acting in the shadow of the national council and the national government, with this initiative has managed to step forward towards an independently operating dialog-orientated parliamentary platform, a development which is fully in line with the results of another parliamentary Enquete Commission held in spring 2015 which has been focusing on the question of how to further strengthen democracy in general.

Especially in times of decreasing voter participation and increasing disenchantment with politics, more and more people are interested to actively shape the political debate outside of elections and traditional parties. Many of today's citizens wish to contribute to political discussion and are interested in following transparently the process of decision-making. As a vivid democracy today includes the cooperation of elements of representation, direct democracy and public deliberation, the digital change may create new supra-regional models of participation and corresponding fora for citizens which lead to a par-

ticipative and dialog-oriented form of democracy. This occasion, i. e. allowing for the first time larger parts of our society to directly take part in democratic deliberation and decision processes constitutes a huge and unique opportunity for democratic systems, and hence serves as a guiding motivation for the supporters of the initiative “Digital Change and Politics”, first and foremost the president of the Federal Council.

Hence, based on the acting president’s initiative, a public brainstorming has been started, with the primary question about which actions of legislation bodies were considered to be able to cope with and make optimal use of the ongoing digital transformation. Using an online participation platform [3], more than 200 statements, 100 comments and more than 1000 votes were posted within a period of eight weeks. In addition to this online research, a small number of expert meetings have been conducted as well. This input has then been compiled into a draft version of the Green book which has been published online. All participants of the discussion then had again the opportunity to provide feedback or further remarks. The finalized document has eventually been handed over to the president of the Federal Council and forwarded to the parliamentary inquiry – a one day event where a broad range of experts and representatives of the Parliament, Federal Government and State Governments as well as interest groups met to exchange publicly their opinions, before eventually the Federal Council took a formal decision, first in a committee meeting, then in the plenary. Further details are described in [4]. Note that, while in this chapter we mainly focus on economic policy, labour law and the development of future digital marketplaces, the Green Book covers also further consequences from the digital revolution for a broad range of topics, including data protection issues, copyright and liability law, consumer protection, transportation and tourism politics as well as the economics of electricity.

75.2 Learnings from the Consultation Process

Summarizing the key outcomes from this deliberative process, one of the most important questions has concerned the presumed need of action for the legislation. Note that, when this question has been asked, the political level (regional, national and/or European) was not specified. Participants replied describing their expectations on the impact of digitization to the working world, quality of life, and future society. Further contributions were focusing on both economic changes and the development of future digital marketplaces, as well as expected consequences for politics and future democracy, with transformation being a challenge for policy making (both governments and legislation).

The answers of the consultation show that the vast majority of political fields and parliamentary committees are challenged to provide political solutions for a new legal framework and regulations for the transformed markets and upcoming innovations. For instance, more than 60% of the Austrian parliamentary committees are called to negotiate reforms, where most of this challenges need coordinated actions of two or more ministers. The demand focuses on infrastructure and technology politics, science and education, in-

ternal and economic affairs, justice, tax law and treasury, to name the most important issues, while all government departments are in charge of digital transformation.

While developing appropriate political solutions, political decision-makers are facing a problem: the dynamics and very high speed of the changes make it difficult for many people, for organizations and also for political institutions to keep pace [4]. Legislation has to implement their reforms in an evidence-based way and quickly – typically, adaptations should happen within months or only few years in the worst case. While this does not sound very progressive, note that current legislation often takes many years to be prepared, negotiated and implemented. Moreover, current best practice requires legislation to first watch ongoing changes before starting legal actions. In a period of fast transformations, like the age of digitization, this way of reacting is too slow to benefit from the offered opportunities. As a consequence, politics needs to develop new procedures: an evidence-based high-speed decision-making process is requested, in order to allow legislation to use try and error, tests and reviews in brief periods.

In general, this deliberative process has been new for the Austria Federal Council, and thus the experiences are rather diverse. On the one hand side, it has clearly exhibited the valuable potential opportunities of the Federal Council with organizing deliberative processes for the sake of shaping public opinion and preparing legislation in an early stage. Besides the obligations as representative of the federal interests and the competences in EU politics, this is a new encouraging narrative and political role for the Federal Council. The secondary position of the second chamber of the Austrian Parliament, the bridging function between the national and the federal political level, and the more flexible internal regulations of the Federal Council are of clear advantage in this respect. From this point of view, the process has been a real success, especially as it has been concluded effectively with a unanimous resolution to the Austrian federal government which is now in process of implementation. At the same time the project has demonstrated also the current limitations, including the need of experience of both the organizational team and (far more) the potential participants, and last but not least the need of development of efficient and intuitive technical tools, applications and platforms for realizing such public consultations, fulfilling the following key requirements:

- *Easy and intuitive access for all sections of the population:* proposing own ideas and placing discussion contribution should not be hindered by complicated technical mechanisms (for instance registration or authentication) or a non-intuitive user interface.
- *Creating interest and motivation for participating in political discussions:* In this context, a key role could be played by a clear feedback mechanism which allows users to follow transparently their ideas/contributions and how they eventually have affected the discussion process and its final outcome.
- *Efficient integration into political decision processes:* The compulsory outcome of a serious political discussion has to be a political result. Hence, specific account has to be taken of the requirements of decision-makers, in order to enable a broad consideration of discussion results for instance within parliamentary processes.

- *Enhanced moderation capabilities:* Very often, political discussion benefits from clear overall structures as well as guidance by a moderator who needs specific support for an efficient performance of his/her duties and responsibilities, based on the fact that the aim of public deliberation is less on creating new insight but mainly on sorting out and developing novel solution options.
- *Transparent documentation:* In this context, it is also highly important to develop and implement an elaborate concept for transparent documentation that allows organizing content and resulting knowledge in a manageable way. While this may pose specific scalability challenges due to the sheer amount of user input to be expected during public deliberation processes, integrating crowd intelligence approaches might become especially valuable here.
- *Increased integration and usage of social networking channels:* Today, social networks like Facebook or Twitter have developed into an important space for conducting political discussions, hence it is imperative to integrate these channels into future online deliberation platforms.
- *Usability on mobile platforms:* Online consultation and deliberation also has to take the strongly increasing mobile usage of the Internet into account, for instance by providing a suitable adapted and simplified platform version with reduced functionality for mobile user equipment.
- *Interface between digital and analogue discussions:* Also in the foreseeable future, discussions between persons that are physically present will stay essential for the political discourse, hence it is of fundamental importance to find efficient ways of integrating this transition between the analogue and digital world into future participation platforms.
- *Security and privacy aspects:* The fundamental user requirements in terms of security and privacy will play a key role with respect to the acceptance of such online platforms, together with its usability and universal accessibility.

Based on these requirements, a proof of concept has been carried out by University of Vienna and Kovar & Partners, and subsequently a participatory application for the deliberative development of documents has been developed within the *pyxnet* project [6].

75.3 Working World and Digital Marketplaces of the Future

While the question of how the digital change will affect the future working world still is heavily debated, leading to a broad range of varying opinions, there is a consensus at least in one respect: none of the discussion participants has assumed that the number of jobs will increase. This is in line with [6] arguing that around half of the current jobs will be at least affected, if not destroyed, by the digital change. However, if it comes to legislative requirements for future market places and the job market, all proposed concepts for using this change as an opportunity for economic growth and as a job machine pretty much

resemble classic recommendations for strengthening the business location and labour market: education, research, free markets without *laissez-faire*, as well as legal and planning security.

For instance, one line of suggestions has strongly focused on deregulating the free movement of workers (e. g. by reforming the Employment of Aliens Act), in order to create a vibrant international scene where especially young people feel comfortable. More generally, the reduction of traditional labour types and its shift towards new models, observed already now for instance in creative industries and leading e. g. to an increased ratio of free lancers fighting for contracts on global platforms, working without clearly specified working times and in legally unclear situations, will render traditional legal frameworks as well as current social security systems no longer applicable for larger parts of the working population.

This trend is further supported by upcoming forms of “shared economies”, like Airbnb or Uber, which tend to be not always fully compatible with existing legal and taxation frameworks. The same is valid for the increasing number of crowd workers, one person enterprises and digital peons who make their living out of short-term limited working contracts. For all of them, social security turns out to become a key challenge: on the one hand side, traditional revenue streams of social security systems do no longer comply with the new payment flows (for instance, it turns out to be very difficult to integrate contributions for social security into contract negotiation platforms which only target hourly wages), while increasing parts of these groups lack of an adequate social security at all. Therefore, reforming the social systems and adapting them to the new forms of employment is considered an urgent political task.

On the other hand, in order to deal with such new business models, it must at least be ensured that there is a “level playing field” between established and new service providers. Staying with inefficient ways of production only because incumbents are protected by partly outdated regulations does not help much, however it is also not sufficient to leave the field only to regulation which could ward off or prevent new services. Instead, it would be beneficial to use this situation as a starting point for carefully checking the existing legal framework and make it a future-proof one.

The impact of digital change on the individual work-life balance is much less clear. While the borderline between professional and private life is about to disappear, this new flexibility in many cases can be experienced as very helpful in this context, but also the opposite may easily be the case. The increase of mobile work creates a new reality way beyond a traditional 9-to-5 mentality and will require experimenting with novel solutions and finding a consensus about viable models without regulating the extent and direction of these new structures from the very beginning.

The prospect of much less labour to be distributed among the population also may have positive aspects and, according to [6], simply might lead to people concentrating on other types of occupation (usually even more agreeable ones) if the request for their former work is diminished. However, this will of course require distributing the “digital dividend”, which originates from the increase of productivity, equally among all members

of the society, while the increasing polarization of earnings and possessions rather points into the opposite direction and creates considerable fears. Here again, the need for a new decision culture becomes apparent, for instance in the currently starting debate about an unconditional basic income for everybody, to be paid independently of the actual working situation. In this context, an important element will be the possibility of experimenting with various different options in order to create a sufficient data base for evidence-based decisions. Similarly, the legislation bodies, especially the parliament, will need new decision models, which should be based much more than previously on hearings, online consultation and direct communication with experts already in early stages of the legislation process. The resulting deliberative democracy will at the same time increase the motivation and attraction for public initiatives which are directly linked with formal decisions. It is interesting to note that – at least in the case of Austria – this would not even require fundamental changes in the parliamentary rules of procedure and could be easily carried out within the existing legislative structures and frameworks.

Another topic discussed in detail by the participants of the deliberation process has concerned current and future taxation laws. In this context, four main issues have been raised:

- *Taxation-based distortion of market competition*: While it should not be underestimated to which extent the current taxation framework, for instance due to accounting and IT requirements, prevents enterprises which offer online services from fully exploiting the potential of digitization, on the other hand also stationary trading faces severe disadvantages. For instance, it is currently very difficult, if not impossible, to ensure that Value-Added Tax (VAT) for digital goods, which are paid by the consumer, are correctly attributed to the fiscal budget of the country where the value has been eventually created.
- *Increasing tax avoidance*: The rapidly increasing internationalization also leads to severe problems with income taxes and corporation taxes. As far as Europe is concerned, so far neither the European Council nor the European Commission have succeeded in avoiding a critical taxation competition. At least the recent proposals for a digital European market aim at a more transparent taxation.
- *Fiscal situation of start-up enterprises*: While start-up enterprises strongly profit from simplified rules for instance with respect to trading with end customers, at the same time their fiscal situation is often a bit unclear. This applies as well the financing of start-ups.
- *Impact on national budget*: The question of how to finance the national budget if tax revenue from labour will further decrease is a crucial one, with very different scenarios to be discussed, as it is hard to predict which types of work will eventually be lost, and which will be created, due to effects of the digitization. The current expectation that mainly jobs with manual activity might be affected while jobs requiring a high level of education and training are considered to be safe also on a long-term perspective may be wrong: for instance, software might easily start replacing highly trained accounting and

controlling staff, while robots could increase productivity in a way that certain industry jobs might even return to Europe or Northern America. Under these circumstances, it is pretty much unclear how to finance our current social market economy in the future and how resilient our current systems are indeed. However, this only increases the urgency of political decisions, and governments are well advised to try to open new degrees of freedom early enough, in order to avoid being completely carried away by the speed of upcoming changes.

For decades, the question of how the future of our society should look like had a rather simple answer: it was supposed to be a smooth evolution of the present situation. This is no longer the case with the Digital Revolution. Instead, we will be facing a phase of massive change of existing structures, which is already announced by the immense investments into new technologies and their effects on productivity, labour market and income distribution which we observe today. Hence, this requires an active, open and goal-oriented discussion about how our society will be able to cope with the upcoming disruptive structures – a discussion which in addition has to be led on an international level.

75.4 Summary and Outlook

The Digital Revolution is about to leading to a change whose economic and social importance can hardly be underestimated. The impact of the upheavals lying ahead can without any doubt be compared to the industrialization or the age of enlightenment. Especially the parallels between the digital transformation and the industrial revolution are evident. Then and now, the driving factors were new fundamental technologies and resulting technical changes. Today, new applications are essential for the social and political evolution, because they are used to advance organizational changes in economy as well as in the entire social fabric. This structural change will go far beyond technical changes, and the digital transformation is of significant impact to society and politics. Therefore, it has become a social and political issue, just like new philosophies, political movements, social insurances, universal and equal suffrage and emancipation were the answers to the industrialized society (and, after all, the industrialization has led in the 19th and 20th century to new political orders, the disappearance of five empires and the development of welfare states).

Hence, from our point of view, the key consequences of this dramatic evolution may be summarized as follows. Note that, while our conclusions are based on the outcomes of the participation process triggered by the Austrian parliament as sketched above, we are fully convinced that they are similarly valid also for all other countries with a comparable democratic system.

- *E-participation as an opportunity for evidence-based decisions*: If politics is facing the requirement of dynamic changes, decision making can be supported by new tech-

nical solutions. The possibilities in direct communication between experts, citizens and decision maker can enable deliberative democracy in a new quality. Thus, diverse knowledge can be introduced in the formation of opinion in a much earlier stage and with a wide participation. As the project has shown, consultation procedures, performed under the existing parliamentary rules of procedure, can provide a valid basis for decisions within a few weeks. The only thing required in these deliberative processes are a developed self-image and an adapted behaviour of the Members of Parliament. In the interest of open legislation that brings better and more accepted political decisions, new pre-legislative process must be developed. Project reports, green papers, stronger scientific support and consultation procedure may allow interested citizens and the MPs a substantial participation in the development of policies and bring about better policy decisions.

- *Political culture and practice*: Until now, a culture of e-participation has not been properly developed in Europe. As much as the Internet may facilitate the participation, it is not an amplifier for political interest and political participation itself. Facing the new opportunities, the existing digital divide must be acknowledged and be taken care of. Economic, social and technological factors are relevant for the individual opportunities. Therefore low-threshold offers must be provided. During the consultation, also creating a common federal standard for e-participation has been proposed. The discussion on e-voting will gain weight in a digitized society, despite of the still unresolved security concerns.
- *Adaptability as an essential locational policy factor*: The consultation has also clearly demonstrated that the challenge now is to create scope for innovation and entrepreneurship. Existing conditions must be checked, and regulatory tasks have to be put on the legislative agenda. Regions that are able to involve expert knowledge will have a competitive advantage, and this knowledge is often very easily available. However, the transfer into the political sphere is the critical factor. Moreover, policy requires also new forms of strategic early warnings.
- *Changes in the politics and media labour market*: Publishers, journalists, think tanks, public affairs managers and political consultants are concerned with new tasks. The changed political markets will bring new demands. Also increasing is the need for guidance, information and community management. A revolution in political life would create new jobs. This “revolution” would lead to new political actors and create new types of organization. In this way, new competitors would occur for the classical parties, political media, pressure groups and existing think tanks.
- *The parliament as deliberative centre of politics*: The present project has demonstrated interesting opportunities for the Austrian Federal Council with respect to strengthening the dialog oriented (deliberative) democracy in Austria. Following this path may lead to a general new orientation of this second chamber of the parliament, thus creating a novel, clear and more self-confident image of this legislative institution. As a result, it would become a driving force for organizing public participation and deliberation ac-

tivities, which at the same time would significantly strengthen both parliamentarism and representative democracy in this country.

Summarizing, the digital revolution offers indeed significant opportunities on the way to new forms of high-speed democracy. As the history of the industrial revolution has taught us, however, it typically takes quite some time for technological advances and breakthroughs to lead to innovative applications and subsequent changes in society and politics. Hence, the phase of dynamic disruptions due to the Digital Revolution may still lie ahead of us.

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