Bruegel Annual Meetings
Productivity, innovation and digitalisation: which global policy challenges?
Les Brigittines, 7 September 2015 at 10am

Participants:

Keynotes:
Andrus Ansip, Vice President, Commissioner for Digital Single Market
Robert Atkinson, President of the Information Technology and Innovation Foundation

Panel:
Andreas Goerdeler, Deputy Director General for Information Society, Media at the German Federal Ministry of Economics and Technology
Scott Marcus, Independent Consultant
Eduardo Navarro de Carvalho, Chief Commercial Digital Officer at Telefonica

Chair:
Karen Wilson, senior fellow, Bruegel

Notes:

Digitalisation comes with increased productivity, job creation and growing challenges associated with data. Yet the process is slowed down by the fragmentation of the European market. The digital single market will implement common rules across Europe (European copyrights, abolishment of roaming) and tackle this fragmentation.

The digital economy is focused on data: not only data protection but also the management and storage of data, the ‘Internet of things’ and the ‘Big Data’. The upcoming challenges associated with those data will be to understand how this accumulation and storage process can contribute to some extent in developing market power and how regulators should deal with access and openness.

"Moore’s law of progress in technology depends on Schumpeterian profits", which mean there exists an ideal level of competition that brings the optimal level of innovation. Nowadays, this suffers from several barriers: over-production of semi-conductors in China ($100 bn of public spending in the sector), the fragmented global market, weak IP protection and overly aggressive anti-trust policy.

The United States in the last twenty years has benefitted from a stronger acceleration in productivity compared to the European Union. Driven by technology, this was due to the larger size of US companies and the associated larger scale of their investments. Policy makers in the EU should consider the following four existing barriers: ICT tariffs (high elasticity of demand), data center and data localisation requirements, local content requirements, procurement preferences for domestic suppliers. The European Digital Single Market will have to deal with those issues and allow scaling-up the size of firms and their investments.

Event notes by Augustin Lagarde and Elena Vaccarino, Research Assistants.