

Entender cómo funciona la economía y cómo hacerla trabajar en beneficio de todos

Understanding the economy and how to make it work better for people

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ABSTRACT

Session 1: What are the main challenges for economies and societies today?

The legacies of the crisis and the Great Recession are still damaging the global economy, and trends that the crisis amplified are still shaping the economic and social landscape. The productivity-inclusiveness nexus is particularly worrying, with productivity growth slowing and inequality getting worse in most countries, particularly inequalities of wealth and opportunities. There is evidence that the “elevator” of upward social mobility is broken to the extent that it could take at least five generations or 150 years for the child of a poor family to reach the average income, on average across OECD countries. Chances in life are also pre-determined by the family you were born into, and where you were born. Inequality outlooks may be magnified with the advent of the digital economy. This has political consequences too, as people lose trust in a system in which, across the OECD, the average income of the richest 10% of the population is about nine times that of the poorest 10% up from seven times 25 years ago and there is a nine year difference in life expectancy between men from the most deprived areas and those from the most privileged.

Uncertainty is also high as the institutions and organisations that framed personal, social, and professional life are undergoing profound transformations driven by a combination of technological innovation, demographic shifts, and cultural flux. The past decade has seen greater integration of the different parts of the world economy with the development of global value chains that allow new players to emerge, facilitated by improved and cheaper ICT. New competitors have taken market share, and jobs, from traditional incumbents. Digitalisation is moving profitability away from “tangibles” towards products and activities dominated by R&D, design, organisational innovation and other intangibles.

The gap between the vanguard and the rest is widening. Leading firms and workers are harvesting an increasing share of the fruits of progress, with thriving, internationally integrated metropolitan

regions growing farther apart from other areas, These evolutions have left many feeling threatened by the changes they see happening around them and resentful of those who succeed, fuelling the so-called “geography of discontent”. Economic and social tensions are also starting to be exacerbated by environmental constraints.

Business is seeing old patterns repeating themselves in the new economy, even as fresh challenges emerge. The digital revolution is producing markets dominated by a few megafirms who can abuse their dominant position, and even exert undue influence in the State. The pace of change of technological developments have brought changing tasks and jobs all through the life course, rendering obsolete the regulatory frameworks that used to protect workers and firms. The lifetime employment is becoming elusive, and people may change regularly of occupation and employment status. This challenges social protection systems, which need to be re-designed.

Addressing this tangled web of interacting issues requires inventiveness, agility and cooperation. Unfortunately, the opposite seems to be happening in many respects. Optimism in the international system’s capacity to meet global challenges has declined since 2015 and the adoption of the Paris Climate Agreement and the UN’s Agenda 2030 (the Sustainable Development Goals).

We are living in a period of profound systemic change, and as in similar periods in the past, there is bound to be considerable instability and uncertainty before the new society and economy take shape. We have to identify actions that will shape change for the better, and help to build resilience to the inevitable shocks inherent in, and generated by, the complex system of systems constituted by the economy, society and the environment.

These challenges require updating the way policies are devised and implemented, and developing more-realistic tools and techniques to design those policies on the basis of appropriate data. The OECD’s New Approaches to Economic Challenges Initiative (NAEC) is helping to do this. The NAEC project is to convince policymakers that growth for its own sake is damaging people’s lives and the environment, and that we must change the dominant narrative to one that makes sense socially and environmentally as well as economically. That narrative has to be informed by metrics that go beyond GDP to define progress and analytical techniques capable of coping with the nonlinearities, unintended consequences, interconnectedness, tipping points, and other characteristics of the adaptive, complex, socio-economic system.

NAEC therefore calls for a shift away from growth for its own sake to growth as a means to improve well-being through “people-centred” approaches focussing on well-being, distributional outcomes and sustainability, underpinned by new analytical tools and multidisciplinary methods.