

# REFLECTIONS & OUTCOMES

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## OECD FORUM 2016

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# PART 1 **PRODUCTIVITY & INCLUSIVE GROWTH**



# Productivity & Inclusive Growth

As the red thread running through OECD Week, the theme of **Productivity & Inclusive Growth** was the focus of the opening session of the Forum. The panel was moderated by John Gapper of *The Financial Times*, who opened by inviting the audience to answer a question via the interactive tool Wisembly: “In your view, are slow productivity growth and rising inequality linked?” The response was neatly divided with half of respondents answering “yes” and the other half “no”.

This provided an effective springboard for launching the discussion. Gabriela Ramos set the scene by introducing the new OECD report, **The Productivity-Inclusiveness Nexus**. She highlighted the different factors that influence productivity and inclusiveness such as: the new challenges brought on by the digital economy; the need for appropriate regulatory frameworks and competition settings that ensure productivity, the reallocation of resources and growth of challenger firms; and the need to address the skills gap in the work force and promote lifelong learning. This introduction not only launched the debate that directly followed, but introduced key topics that would be developed across the two days of the Forum.

The technological and business revolution that is being driven by digitalisation and other technological changes is not being translated into productivity growth. Productivity growth started to slow after the 1990s in most OECD countries, and the crisis made things worse. The global impact was hidden to some extent by improvements in emerging economies,

though productivity growth is now slowing in these economies as well, despite the potential to close the gap with the more advanced economies.

Cyclical and structural factors, for example weak investment in physical capital, explain why new technologies are not boosting productivity. The productivity gap between leading firms and those not at the technology frontier is growing, within both countries and sectors. This may be due to frontier firms’ growing ability to capture rents and attract the limited pool of workers with the skills to cope with the rapid pace of innovation as well as poorly-performing firms trapping valuable resources in unproductive activities. In light of these cyclical and structural factors, Eric Labaye of McKinsey Global Institute recommended a focus on the “productivity requirement” rather than the “productivity problem”. He also highlighted that whilst the phenomenon of frontier firms is not new, the digitalisation of society has caused the gap between frontier firms and challenged firms to become wider.

The growing weight of finance in the global economy may have made inequalities worse. It has diverted investment away from productive activities, while also further concentrating wealth at the top of the income distribution. Inequality is growing. In 2012, the average income of the top 10% of earners in the OECD area grew to just under 10 times that of the bottom 10%, up from around 7 times in the mid-1980s.

Diane Coyle, Professor of Economics at Manchester University, stressed that the productivity slowdown is a post-2008 phenomenon, but that the increase in inequality long pre-dates that. She highlighted that the United States (US) has much higher levels of inequality than other OECD countries, yet a large proportion of what we read, particularly in relation to technology, focuses on the US. She highlighted that technology has been one of the major drivers of inequality, hollowing out the labour market and reducing middle-income positions. She also emphasised that the main challenge in the digital economy is the capacity to accurately measure productivity. The many opportunities brought by technological innovations could have a positive impact on economies and societies – if harnessed effectively. For Coyle, the place to look for the “nexus” is in competition and the regulation of high pay in the corporate sector.

Inequality has an impact on a broad range of well-being dimensions in OECD countries, including health, education, employment, and access to quality public services. Furthermore, inequalities tend to feed off of each other, limiting the ability of part of the population to fulfil their productive potential and improve their lives. Frances O’Grady, General Secretary of the British Trades Union Congress, stressed that the key concern for workers is that there are too few high-skilled jobs and too many low-skilled jobs with unstable contracts that offer little incentive to perform highly. She concurred with Diane Coyle that the gap between top earners and middle and low ones needs to be bridged in order to avoid compounding the negative impact on the productivity-inequality nexus.

César Hidalgo, Associate Professor of Media Arts and Sciences at MIT Media Lab, pointed out that the internet has allowed firms to create value but not necessarily monetise it. He also noted that countries with more complex economies have lower levels of inequality, and that countries that increase their complexity over time see their inequality reduce. In order to boost equality

and productivity, institutions can only make limited changes without changing their industrial structures.

Ultimately, we can no longer assume that technological advances, and the related innovations in processes and business models, will automatically lead to better economic performance and stronger productivity growth. And there is no guarantee that the benefits of higher levels of growth, or higher levels of productivity in certain sectors, will be shared across the population as a whole. On the contrary, there is a risk of a vicious cycle setting in, with individuals with fewer skills and poorer access to opportunities often being confined to low productivity, precarious jobs, and – especially in emerging-market countries – in the informal economy. This reduces aggregate productivity, widens inequality, and ultimately undermines policy efforts to increase productivity and growth.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_53ace4e4fb379c355b808268a0a4e633.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_53ace4e4fb379c355b808268a0a4e633.html)

## SPEAKERS Moderator

**John Gapper**, Associate Editor-in-Chief Business Commentator, *The Financial Times*

## Scene Setting

**Gabriela Ramos**, Chief of Staff & Sherpa to the G20, OECD

## Speakers

**Diane Coyle**, Professor of Economics, University of Manchester, United Kingdom; Director, Enlightenment Economics

**César A. Hidalgo**, Assistant Professor of Media Arts and Sciences, MIT Media Lab; Faculty Associate, Harvard University’s Center for International Development, United States

**Eric Labaye**, Director & Chairman, McKinsey Global Institute

**Frances O’Grady**, General Secretary, Trades Union Congress





# Gen Y, Inequality & the Future

They are called the “Boomerang Generation”, the “Selfie Generation”, the “Me Me Me Generation”, “Generation Maybe” in Germany, the “generation that eats the old” in China, “Generación Ni-Ni” (*ni trabaja, ni estudia*) in Spain, “the people who are always doing two things at once” in Japan. What do these thirtysomethings have in common? They are confronted with social injustice on an unprecedented scale, massive inequities and a loss of trust in elites.

A recent *Guardian* Gen Y investigation found that, it is likely to be the first time in industrialised history – except for periods of war or natural disaster – that the new generation is worse off than the previous one. While 30 years ago young adults earned more than the national average, now in many countries they earn as much as 20% less than their average compatriot. OECD evidence shows that, since the 80s, pensioners have seen significantly higher disposable income growth than young people in almost every industrialised economy. In their introduction, *Guardian* journalists Shiv Malik and Caelainn Barr shared their concerns on the future of democracy and capitalism if an entire generation experiences lower living standards than the previous generation.

With over 75 million young people unemployed worldwide, youth unemployment and exclusion are of concern to all age groups, starting with working-age, middle-class parents. According to the US Census Bureau, the proportion of 25-34 year-old Americans

living with their parents was at around 15% in 2014; according to *The Guardian*, it reaches 25% in the United Kingdom. The impact of debt, joblessness and lack of opportunity is likely to lead to even higher social inequality as young people with affluent parents will retain an unfair advantage in the important years of early adulthood when the transition to autonomy is so essential. During the session, Allan Päll, Secretary General of the European Youth Forum, highlighted that almost one third of European youth are at risk of poverty and social exclusion, a figure that is even higher for minorities. He also called for greater involvement of youth in the decisions that will affect them.

By 2040, in EU countries, the share of working people per pensioner will halve. A shrinking working population, coupled with higher public spending on health, pensions and long-term care means that investment in education and health is at risk. As Professor Diane Coyle put it, “we’ve never had, since the dawn of capitalism really, this situation of a population that is ageing so much and in some countries also shrinking, and we just don’t know whether we can continue growing the economy in the same way we once have”.

To address the long-standing structural obstacles that are preventing many youth in both OECD countries and emerging economies from making a successful transition from school to work, the OECD has developed a comprehensive [Skills Strategy](#) and a [Quality Job Framework](#). Both projects support the

recent G20 goal of reducing the share of young people who are most at risk of being permanently left behind in the labour market by 15% by 2025 in G20 countries. As policy makers grapple with the creation of more jobs, it will be important to design labour market policies that offer equal opportunities to young and older workers, ensure fair income, labour market security and a good working environment. Too often, young people report that they have to choose between low-paid jobs not matching their qualifications, 0-hour contracts, unpaid internships or no job at all. Most importantly, youth will not find a smooth path into the job market unless the economy performs much better. Echoing this, Tibor Navracsics, European Commissioner for Education, Culture, Youth and Sport, tweeted “Education and youth policy are medium and long-term investments. My job: to convince Prime Ministers and Finance Ministers to invest in them #OECDwk”.

Gen Y is also a generation of formidable paradox, as economist Noreena Hertz puts it, “selfie-taking yet unselfish, connected yet lonely, anxious yet pragmatic, risk-averse yet entrepreneurial”. Young people don’t just have different prospects from their elders; they also think, behave and vote differently. Described by some as lazy, self-absorbed and secluded, they are, by other accounts, a generation marked by creativity, flexibility, open-mindedness, sharing, a strong sense of social responsibility and concern for the environment. While they seem to be politically disenfranchised, they are also more likely to volunteer, engage with social issues, or express their political opinions more creatively than earlier generations. They are

keen to seek “playbour” [work that feels like play] but are at the same time sometimes forced to take an unsatisfying job to afford to pursue their passion. They seem to suffer from the mistakes of their elders but are keen to offer reverse mentoring and aspire to greater intergenerational solidarity and social cohesion.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_8a399e32b8799dfe5f0a9af097c31803.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_8a399e32b8799dfe5f0a9af097c31803.html)

## SPEAKERS

### Moderator

**Sarah O’Connor**, Employment Correspondent, *The Financial Times*

### Scene Setting

**Caelainn Barr**, Journalist, Data Projects, *The Guardian*

**Shiv Malik**, Journalist & Author, *The Guardian*

### Speakers

**Tibor Navracsics**, European Commissioner for Education, Culture, Youth and Sport

**Allan Päll**, Secretary General, European Youth Forum

**Luca Visentini**, General Secretary, European Trade Union Confederation (ETUC)

## FURTHER READING

OECD work on Youth  
[www.oecd.org/fr/youth.htm](http://www.oecd.org/fr/youth.htm)

OECD Quality Job Framework  
[www.oecd.org/statistics/job-quality.htm](http://www.oecd.org/statistics/job-quality.htm)



# Closing the Gender Gap: 25 by 2025

Gender equality is not only a matter of social justice, it is also crucial for improving productivity and ensuring strong, sustainable and inclusive growth. G20 countries are pushing towards advancing gender equality by developing tools and mechanisms to mainstream gender into normative frameworks, increasing gender-responsiveness of policies and norms while monitoring genuine progress on the ground.

One of the main G20 targets is to reduce the gender gap in the workforce by 25% by 2025. The timing could not be better. In recent decades, global rates of female labour force participation have stagnated or even fallen. The current outlook for global economic growth looks particularly uncertain, with countries increasingly dealing with ageing populations and a large percentage of women undervalued. The G20 accounts for approximately 85% of the gross world product (GWP), 80% of world trade and two-thirds of the world's population. If the G20 region follows through on its commitment to increase female labour force participation, it would bring more than 100 million women into the labour force, significantly increase global growth and reduce poverty and inequality. This pressing issue was the focus of an [OECD Forum 2016 panel](#). As Linda Lanzillotta, Vice President, Italian Senate; Ambassador, Women in Parliaments, pointed out, gender balance policy is not just about human rights and equality, but it is necessary for economic growth.

To achieve the G20 target, it is essential to focus on women in the work environment, also advancing women's access to leadership in both private and public sectors, and to address the continuing social, cultural, legal, and political barriers they face. On average in OECD countries, women earn 16% less than their male counterparts, and this wage gap increases with age and as women have children. Despite great advances, women are still underrepresented in top management positions. The situation is particularly worrisome at the pinnacle of public decision making. In 2015, only 10 women served as Head of Government in the world (7.3%) and only 29.3% of women in OECD countries served as ministers.

Panelists agreed that it is important to involve both men and women in public and private sectors to break gender stereotypes and close the leaky pipeline related to career progression. Findings from the World Values Survey, a global network of social scientists studying changing values and their impact on social and political life, shows that 6% of Americans believe that in tough economic times men have more right to jobs than women, and this figure reaches nearly 50% in India and Turkey. Women continue to be overrepresented in the lower civil service levels and in "feminised" areas like care, education, and health while underrepresented in others, such as defence, justice, and economic affairs. Women represent over 80% of professionals in personal services such as caring and hairdressing but only

6% of engineers. In addition, women are less likely to work full time. They earn less money, progress more slowly on the career ladder and have a limited engagement in entrepreneurial projects.

Strong academic performance is no guarantee of professional success. Korea has introduced the "Empowering women and gender parity taskforce", which encourages female employees of corporations to maintain their work-life balance and men to take parental leave. Yoon-Sun Choo, Korea's former Minister of Gender Equality and Family, underlined that this taskforce has already increased promotions for women from 15% to 30%, showing that real change can be effected if governments and corporations work together to overcome the barriers faced by women.

Taking time off work for family members also leads to barriers for women in the workplace, reminded Esperanza Cueto, President of Comunidad Mujer, Chile. Linda Lanzillotta concurred, calling for new care infrastructures within companies to facilitate employment for women. On top of these infrastructures, more intangible aspects also need to be addressed to generate gender equity. More should be done to underline that employment of women has positive consequences for a company and society as a whole.

Ultimately, gender equality will require a broad, long-term and consistent commitment from governments, but also from business, academia, media and civil society. The public sector must play a key role in leading by example. This implies generating data and evidence on the untapped inequality gaps, while ensuring that all policies and programmes – starting from health and education to less gender-responsive sectors such as agriculture, infrastructure and pension systems – deliver inclusive results for the whole of society.

Governments set the conditions for gender equality through laws, policies and budgets, but flawed government action may result in unequal outcomes for men and women.

A large number of G20 countries have put in place policies to support women, such as laws against sexual harassment and parental leave. However, gaps remain in the implementation and evaluation of such policies. To trigger genuine progress, we need effective governance mechanisms to support our countries in realising their gender equality targets by 2025. There is still much to be done to close the gender gap and guarantee that men and women enjoy the same opportunities to have successful careers, participate in public life and have fulfilling lives.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_33304388ad3a42c49a38e79179ffe46e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_33304388ad3a42c49a38e79179ffe46e.html)

## SPEAKERS Moderator

**Anne Fulwood**, Chair, W20 Australia

## Speakers

**Janet Awad**, Region Chair of Latin America & Country President, Sodexo, Chile

**Yoon-Sun Cho**, former Minister of Gender Equality and Family, Korea; former Senior Secretary for Political Affairs, Office of the President, Korea

**Esperanza Cueto**, President, Comunidad Mujer, Chile

**Arancha González**, Executive Director, International Trade Centre

**Linda Lanzillotta**, Vice President, Italian Senate; Ambassador, Women in Parliaments

**Farah Mohamed**, Founder & CEO, G(irls)20

## FURTHER READING

OECD work on Gender  
[www.oecd.org/gender/ongoingwork/](http://www.oecd.org/gender/ongoingwork/)

OECD Recommendation on Gender Equality in Public Life  
[www.oecd.org/gender/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm](http://www.oecd.org/gender/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm)





# Inclusive Cities

We are living in the urban century, with almost 70% of the world's population expected to live in cities by 2050, compared to just 30% in 1950. Urbanisation brings many opportunities. Cities can provide an ideal environment for innovation, job creation and culture. Yet urbanisation can also challenge the development of more sustainable, inclusive societies. This challenge is recognised by city leaders and citizens alike. Results of an audience poll at the start of this OECD Forum 2016 session revealed that only 20% of participants felt they lived in an inclusive city.

The rise of megacities, urban sprawl and outmoded transport systems leads to increasing levels of pollution that pose a risk for the planet and for public health. Evidence shows that levels of productivity – and inequality – tend to increase with city size. At the same time, informality and unequal access to basic utilities, healthcare, education and digital technologies, particularly in the developing world, can exacerbate social exclusion. As a result, disadvantaged members of the community are often unable to access the very opportunities that make cities attractive. Today, in many European cities in particular, the unprecedented influx of migrants is posing a new challenge for urban leaders aiming for more inclusive societies.

Cities can nonetheless be a powerful driver for positive change in the policy domains that matter in the pursuit of sustainability and inclusive growth. This session revealed examples from Mexico City, whose

metropolitan area houses some 20 million inhabitants, and Malmö, a city which counts 300 000 citizens. The mayors of both cities used specific case studies to demonstrate that effective change often begins on a city level. For example, Mexico City's *El médico en tu casa* programme brings doctors and nurses to the doors of poor households in marginalised neighbourhoods, providing health services to pregnant mothers and screening people for diabetes. In addition, Mexico City has played a crucial role in a campaign to raise the national minimum wage. Katrin Stjernfeldt Jammeh, Mayor of Malmö, emphasised the importance of prioritising strong dialogue with all parts of society, including NGOs, the private sector and citizens themselves, in order to build inclusive policies. In 2008, the City of Malmö launched a major project to rethink the public health system. Starting on a very local level, the plan involved a range of voices including 14 commissioners with different backgrounds, health experts, city planners, experts in education and social welfare. Ideas from 2 000 citizens were also incorporated into a plan, which is now being implemented to ensure equality in healthcare.

For large and small cities alike, affordable housing is a major priority, as well as the provision of mixed-use zones to prevent social divides from crystallising. Mayor Katrin Stjernfeldt Jammeh of Malmö called for the public sector to take the lead in finding new solutions to building low-cost housing, especially in the centre of cities, to ensure mixed-use areas, reduce divisions between

rich and poor and cater for younger and older members of society. Mayor Miguel Ángel Mancera of Mexico City argued that availability of rental housing is paramount when aiming to break down physical divides between different segments of the community. He also pointed out that practical solutions such as teleworking and staggered working times will relieve long commutes and allow better quality of life for workers.

The challenge of ageing populations is one that must be tackled by all cities. Mexico City counts some 500 000 registered senior citizens. Mayor Mancera stressed that in order to ensure they are included in the city's growth they need not only food allowances, but also appropriate housing, access to work, access to credit, healthcare and participation in entertainment activities. His comments link to the OECD's report *Ageing in Cities*, which highlights how urban planning should adapt to address changing demographics and increasing needs of senior citizens.

Younger people must also be central to urban policy. OECD research reveals that on average, the “new poor” are young people and children from low-income families. This is a contrast to the past when senior citizens were on average the worst off. The city of Malmö is a case in point, and the Mayor and her team are working hard to meet the needs of families and a very young population.

The key challenge for city leaders in this century will be to ensure that urban growth and innovation contribute to more sustainable development and benefit all parts of society. In order to achieve this goal, it is essential to foster stronger links between cities across the world. Mayor Stjernfeldt Jammeh cited the example of the recent COP21 in Paris, where many local leaders around the world felt confident that cities can do more to help each other out and compete in a positive way.

The OECD's Inclusive Growth in Cities Campaign and its Champion Mayors for Inclusive Growth initiative will play a crucial role in supporting mayors to develop and

share solutions. Already 47 mayors, including Mayor Mancera, have signed up for the programme. Together, these leaders recognise that cities play an integral role in tackling global inequality and in pioneering the policy solutions that can deliver better lives.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_718f520dbe89a6be9620085e2e040752.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_718f520dbe89a6be9620085e2e040752.html)

## SPEAKERS

### Moderator

**Achim Lippold**, Foreign Desk Journalist, RFI, France

### Scene Setting

**Lamia Kamal-Chaoui**, Senior Advisor to the Secretary-General, OECD

### Speakers

**Miguel Ángel Mancera**, Mayor, Mexico City, Mexico

**Katrin Stjernfeldt Jammeh**, Mayor, Malmö, Sweden

## FURTHER READING

OECD work on regional, rural and urban development  
[www.oecd.org/regional](http://www.oecd.org/regional)

OECD urban policy and metropolitan reviews  
[www.oecd.org/gov/regional-policy/urbanmetroreviews.htm](http://www.oecd.org/gov/regional-policy/urbanmetroreviews.htm)

OECD work on greening cities, regions and communities  
[www.oecd.org/regional/greening-cities-regions](http://www.oecd.org/regional/greening-cities-regions)

Inclusive Growth in Cities Campaign  
[www.oecd.org/inclusive-growth/about/inclusive-cities-campaign](http://www.oecd.org/inclusive-growth/about/inclusive-cities-campaign)

Ageing in Cities  
[www.oecd.org/regional/ageing-in-cities-9789264231160-en.htm](http://www.oecd.org/regional/ageing-in-cities-9789264231160-en.htm)

OECD work on Youth  
[www.oecd.org/fr/youth.htm](http://www.oecd.org/fr/youth.htm)





# Migration & Integration

The Forum 2016 lunch debate on Migration & Integration provided an opportunity to hear from a range of representatives working with refugees on a daily basis about their concerns and recommendations. Sonia Laboureaux, Head, Centre International la CIMADE à Massy, focused on her experience working in a refugee centre near Paris. She highlighted the increasing vulnerability of refugees linked to the more dangerous situations they are fleeing, but also the trauma of their journey. More refugees are very young, unaccompanied and face added challenges with regard to education and integration. Sonia raised the question of what is meant by integration. She argued that for it to be successful, it must be a process of exchange, where the population in the receiving country also adapts.

Sabrina Lauro, Head, PlaNet ADAM Pantin, works in a so-called sensitive suburb, only a few minutes from the centre of Paris, in Seine-Saint-Denis. In this area 80% of the population are immigrants or children of immigrants (second and third generation), with a higher level of poverty and unemployment than in the other areas of the Île-de-France region. Sabrina Lauro explained that she helps people from this area to create their own businesses, as very often immigrants cannot find a job in the more traditional ways. The digital economy, e-commerce and the visibility offered by social networks is providing more opportunities to be successful. Success in business is also helping to address the common perception that immigrants are a 'burden', taking advantage of welfare systems,

without giving anything back.

Both Aape Pohjavirta, Chief Evangelist and Founder, Funzi, Finland and Jérémy Lachal, Executive Director, Libraries Without Borders explained that by using digital technology, it is now possible to help refugees before they leave their country of origin in terms of training that will facilitate integration in the host country. Libraries Without Borders has developed the Ideas Box, a multimedia kit that is set up in refugee camps. While humanitarian crises cause urgent needs for food, shelter, healthcare, and clothing, at the same time, refugees are deprived of information, culture, education, and professional training, and they suffer from trauma, boredom, and loss of hope. The Ideas Box provides the tools to read, write, create and communicate, and empowers communities to construct an informed civil society and to pave the way for a self-reliant future.

Gabriele Fanta, representing the Business and Industry Advisory Committee to the OECD (BIAC), as well as McDonalds, highlighted that in Germany refugees have not yet entered the labour market or employment. There are legal reasons for this, as well as issues in terms of language and qualifications. Refugees with good prospects should be able to enter training and employment as soon as possible. The food service industry is an industry with major experience in integration, offering opportunities and jobs for people without educational requirements. Already there are

employees from over 125 countries in German restaurants.

Philippe Legrain, Visiting Senior Fellow, European Institute, London School of Economics and Political Science, United Kingdom, outlined that welcoming refugees is not only a humanitarian and legal obligation, but is an investment that can yield substantial economic dividends. Past inflows of refugees have successfully overcome issues related to language skills and insufficient qualifications. Nearly a million Vietnamese "boat people" fled their country in the late 1970s and early 1980s and sought refuge elsewhere. Many arrived in the US speaking little or no English and with few assets or relevant job skills, yet Vietnamese refugees are now more likely to be employed and have higher incomes than people born in the US.

Finally, Pascal Lamy, President emeritus, Jacques Delors Institute, mentioned that in developing policies focusing on migration and integration, we should not just be listening to lawyers and economists, it is key to include anthropologists to understand better the full human, social, cultural, and political dimensions of human mobility from multiple vantage points.

## SPEAKERS

### Moderator

**Ali Aslan**, TV Host & Journalist, *Deutsche Welle*, Germany

### Speakers

**Jean-Christophe Dumont**, Head, International Migration Division, Employment, Labour and Social Affairs, OECD

**Asiem Eldifraoui**, Das Institut für Medien- und Kommunikationspolitik (IfM), Germany

**Gabriele Fanta**, Representative, Business and Industry Advisory Committee to the OECD (BIAC)

**Sonia Laboureaux**, Head, Centre International la CIMADE à Massy, France

**Jérémy Lachal**, Executive Director, Libraries Without Borders

**Pascal Lamy**, President emeritus, Jacques Delors Institute

**Sabrina Lauro**, Head, PlaNet ADAM Pantin, France

**Sandra Lavenex**, Full Professor of European and International Politics, University of Geneva, Switzerland

**Philippe Legrain**, Visiting Senior Fellow, European Institute, London School of Economics and Political Science, United Kingdom

**Aape Pohjavirta**, Chief Evangelist and Founder, Funzi, Finland

**Nevena Vukašinović**, Member, Migration Network, Youth Forum

## FURTHER READING

Making Integration Work: Refugees and Others in Need of Protection

[www.oecd-ilibrary.org/social-issues-migration-health/making-integration-work-humanitarian-migrants\\_9789264251236-en](http://www.oecd-ilibrary.org/social-issues-migration-health/making-integration-work-humanitarian-migrants_9789264251236-en)

Indicators of Immigrant Integration 2015 – Settling In

[www.oecd-ilibrary.org/social-issues-migration-health/indicators-of-immigrant-integration-2015-settling-in\\_9789264234024-en](http://www.oecd-ilibrary.org/social-issues-migration-health/indicators-of-immigrant-integration-2015-settling-in_9789264234024-en)

Immigrant Students at School: Easing the Journey towards Integration

[www.oecd-ilibrary.org/education/immigrant-students-at-school\\_9789264249509-en](http://www.oecd-ilibrary.org/education/immigrant-students-at-school_9789264249509-en)

"Labour market integration of immigrants and their children: Developing, activating and using skills", in International Migration Outlook 2014

[www.oecd-ilibrary.org/social-issues-migration-health/international-migration-outlook-2014/labour-market-integration-of-immigrants-and-their-children-developing-activating-and-using-skills\\_migr\\_outlook-2014-5-en](http://www.oecd-ilibrary.org/social-issues-migration-health/international-migration-outlook-2014/labour-market-integration-of-immigrants-and-their-children-developing-activating-and-using-skills_migr_outlook-2014-5-en)

OECD Insights: International Migration – The Human Face of Globalisation

[www.oecd-ilibrary.org/social-issues-migration-health/international-migration\\_9789264055780-en](http://www.oecd-ilibrary.org/social-issues-migration-health/international-migration_9789264055780-en)





# Disrupt Ageing

We are in the middle of an unprecedented demographic transition. A critical percentage of the world's population is now living longer than ever before, while birth rates are dropping in the majority of OECD countries. This will inevitably lead to a steep increase in the share of elderly individuals in our populations, but also in countries such as India, China and in Latin America. According to recent estimates, in 2050 more than a quarter of the overall population will be above 65, and the share of individuals above 80 years of age will more than double. Jo Ann Jenkins, CEO of American Association of Retired Persons (AARP), set the scene for the session pointing out that we haven't just added more years to the end of life, we have extended middle age and created a new life stage that has opened up a whole new world of possibilities for how we live and age. But this requires getting rid of outdated beliefs and stereotypes, sparking new solutions and adapting our cultures, institutions, infrastructure and social support systems.

Ageing needs to be considered as another rising trend: increasing inequalities in relation to income, health and skills, and how they compound over the course of people's lives and define quality of life. Many people in OECD countries who are reaching retirement age now have had a situation of full employment throughout their working life, and can count on comfortable retirement incomes, both in terms of pensions and accumulated wealth. This is due to the success of health and social policies. Ken Bluestone, Policy and Influencing Lead of Age

International, pointed out the need to look at policy responses beyond formal retirement, since in emerging economies many older people and workers are still outside of formal pension systems, making ageing and retirement a more difficult experience.

It is also important to look at how the current younger cohorts are ageing differently. The ageing experience will be very different for generation X, generation Y and millennials. In the 1970s, those aged 66-75 were 25% more likely to be poor than the average population. The most recent data show that this group is now 25% less likely to be poorer than the average, while the trend for poverty risks of young people has been going in the opposite direction. A 'job for life' and even a 'career for life' are rare commodities for people starting out today, and the increasing share of non-standard work arrangements or long spells of unemployment and low wages will affect what people have to live on in retirement. Monika Queisser, Head of Social Policy Division, Employment, Labour and Social Affairs, OECD, added that policy responses need make economic sense but if they fail, intergenerational solidarity will stop at some point. Several speakers mentioned that the juxtaposition of ages is important, not only to consider the lives are we preparing for youth when they age, but also in the workplace, where intergenerational connectivity via mentoring and reverse mentoring can boost morale and productivity.

However, ageing is not healthy for everyone, and working longer is not always a realistic option as some workers will still retire early because of physical strain and declining health. Julie Gerberding, Executive Vice President, Strategic Communications, Global Public Policy and Population Health, Merck & Co, noted that we cannot just get healthy after we retire: health requires attention throughout a person's life. And, more generally, those who are better educated tend to live longer and healthier lives. A 30-year-old man with a university degree can expect to live eight years longer than a man without a degree. Still, comprehensive reforms are necessary to encourage work at an older age, including a culture change and improving the employability of older workers through lifelong training and re-skilling. Ken Bluestone stressed how age is still one of the main types of discrimination in many countries, preventing people from being employed later in life.

Gender inequalities add another layer to the equation. Women are more likely than men to work part-time, have lower wages, and retire earlier, which creates a pension gap of 28% on average. Catherine Collinson, President, Transamerica Institute and Executive Director, Aegon Center for Longevity and Retirement, said that even if today's younger women will earn more of their pension entitlements, gender inequality is likely to persist due to gender earnings gaps and the different distribution of care tasks between parents.

The long-term challenge is how to design policies today that are flexible enough to adapt to the uncertainties of tomorrow's world of work, while ensuring adequate living standards for retirees, and how to 'disrupt' ageing by changing perceptions and achieving a better match between longer life expectancy and the active participation of the elderly in our societies.

**Watch the webcast:**  
[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_c9858b7aa75d50fc0372338ae26ee5fb.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_c9858b7aa75d50fc0372338ae26ee5fb.html)

**SPEAKERS**  
**Moderator**  
**Hee Kyong Kim**, Deputy Head of Social Department, Newsroom, *MBN*

**Scene Setting**  
**Jo Ann Jenkins**, CEO, AARP

**Speakers**  
**Ken Bluestone**, Policy and Influencing Lead, Age International  
**Catherine Collinson**, President, Transamerica Institute; Executive Director, Aegon Center for Longevity and Retirement  
**Julie Gerberding**, Executive Vice President, Strategic Communications, Global Public Policy, and Population Health, Merck & Co.  
**Monika Queisser**, Head of Social Policy Division, Employment, Labour and Social Affairs, OECD



# Children, (Digital) Skills & Creativity

Children are paying a steep price for high and rising inequality in several well-being dimensions in OECD countries and emerging economies. Across the OECD, one in seven children lives in relative income poverty, and one in three children comes from migrant families. Child poverty has increased in two-thirds of OECD countries since the financial crisis. Poor children are more likely to report poor health and/or be obese; they are less likely to do well at school, and they are more likely to experience bullying or have difficulty talking to their parents.

High income inequality reduces the capacity of the poorest 40% of the population to invest in their own education and skills and in those of their children. According to OECD data (2012), one in six young adults (aged 25-34) attained a lower level of education than their parents. In [this OECD Forum session](#), Katalin Veresne Novak, Minister of State, Ministry of Human Capacities, Hungary emphasised the fact that in order to promote strong and inclusive growth, policy should focus on investing in children and responding to the needs of families to enhance child well-being in all its dimensions, including the development of skills and capabilities.

Echoing OECD recommendations, Kati Palsanen, Development Manager, SOS-Children's Villages, Finland, stressed that support for children's educational, health and material well-being is

one of the most cost-effective policy interventions, provided it starts early and is sustained throughout childhood. Successful early-life interventions are critical to the development of a range of cognitive (e.g. language and numerical skills) and social (e.g. self-confidence and self-control, pro-social behaviour) skills, with long-lasting effects on employment, income, educational attainment and health.

Péter Csermely, President, European Council for High Ability, highlighted the importance of fostering children's creativity, talent, curiosity and critical thinking – essential skills for innovation-driven growth. These skills can help students “learn to learn” not by asking them to merely memorise facts and figures, but by encouraging children to reflect and explore, to make connections, and to consider many different perspectives. Additionally, schools must do more to encourage students' confidence and sense of choices, fostering a belief in all students that many future pathways are open to them. This is particularly important for the “STEM” subjects (science, technology, engineering and mathematics). At the moment, general levels of graduates are decreasing – despite a growing need for their skills, and girls and young women are still strikingly underrepresented.

In most OECD countries, social spending devoted to children is lower than that for the retired population. At the same time, many countries do not have a child-centred

policy addressing children's diverse needs starting from the early years of life. These types of policies are increasingly important as countries face changes in the composition of child population. Greater investment and more integrated policies are needed to effectively help children and to cope with the rising inequalities in our societies.

Helle Thorning-Schmidt, CEO, Save the Children International, highlighted the urgent need for the continued promotion of education and health in emerging economies and developing countries, while Kailash Satyarthi, Nobel Peace Laureate and Founder, Kailash Satyarthi Children's Foundation, launched a call for action on child labour. Despite significant global improvement in access to primary education, major challenges persist in access to post-primary schooling, the quality of education, and skills matching. With respect to health, the risks associated with specific health and developmental needs of children (e.g. malnutrition, early pregnancy, HIV, tobacco use, alcohol abuse and violence) can be compounded by external factors, such as poverty, lack of access to health information and services, and unsafe environments. In terms of child labour, considerable efforts are required to enforce existing international conventions (for example ILO Conventions Nos. 182 and 138) and to ensure that responsibility for preventing child labour is shared across international supply chains.

## SPEAKERS Moderator

**Shiv Malik**, Journalist & Author, *The Guardian*

## Speakers

**Péter Csermely**, President, European Council for High Ability

**Aart de Geus**, Chairman and CEO, Bertelsmann Stiftung

**Katalin Veresne Novak**, Minister of State, Ministry of Human Capacities, Hungary

**Kati Palsanen**, Development Manager, SOS-Children's Villages Finland

**Gabriela Ramos**, Chief of Staff, G20 Sherpa & Special Counsellor to the Secretary-General, OECD

**Kailash Satyarthi**, Nobel Peace Laureate; Founder, Kailash Satyarthi Children's Foundation

**Andreas Schleicher**, Director for the Directorate of Education and Skills; Special Advisor on Education Policy to the Secretary-General, OECD

**Helle Thorning-Schmidt**, CEO, Save the Children International

**Saku Tuominen**, Creative Director, HundrED

## FURTHER READING

OECD work on child well-being  
[www.oecd.org/social/soc/oecdfamilydatabasechildwell-beingmodule.htm](http://www.oecd.org/social/soc/oecdfamilydatabasechildwell-beingmodule.htm)





# Skills for the Future

How can we harness the potential of today's technology revolution, while also ensuring the creation of quality jobs and inclusive economic growth? Will robots or computers replace workers? Will the 'gig economy' be able to unleash innovation and growth without raising inequality? The OECD Forum 2016 hosted a [session addressing these issues](#). At the heart of the discussion was an analysis of the opportunities that digitalisation brings to education, skills and labour policies. Speakers were asked to consider what needs to be done to prepare workers and employers to thrive in the ever-changing world of work.

Traditional education is at a crossroads. Simply earning a degree no longer guarantees a job, while the rise of online education, peer-to-peer and experiential learning has created popular alternative paths for acquiring skills and knowledge. At the same time, findings from the OECD's [Programme for International Student Assessment \(PISA\)](#) indicate that, despite the pervasiveness of ICT in our daily lives, it has not yet been as widely adopted in formal education. Research also suggests that the contributions ICT can make to teaching, learning and preparing children and youth for our digital world are yet to be fully realised.

However, the skills needed are not exclusively digital. It is important to consider skills as more than a fixed set of tools that help solve known problems. Andreas Schleicher, Director, Education and Skills at the OECD, used the analogy of a map and compass to differentiate learning of today and tomorrow.

Rather than providing a map which sets out a clear path, education should give people a compass to navigate an uncertain, volatile world. He also stressed that character qualities such as empathy, resilience, mindfulness, curiosity, courage, leadership and ethics will become increasingly important and sought after by employers.

All panelists agreed that flexibility and 'learning to learn' are vital in an unpredictable world. Young people and adults alike will need to become lifelong learners who can acquire new skills along the way. Both HRH Princess Laurentien van Oranje and Lin Kobayashi of the International School of Asia stressed that teachers should take a leading role in fostering flexible mindsets. For Princess Laurentien, "We tend to want to predict the world and the future, which is unpredictable. It's on our teachers to have the ability to let go of thinking we have all the answers, and to actually teach our children that they can be disruptive." Lin Kobayashi concurred: "We can't educate students to be creative unless the teachers are bold and crazy. How can we make that happen?"

Katalin Veresne Novak, Minister of State, Ministry of Human Capacities, Hungary, offered a case study to highlight the importance of encouraging freedom of thinking among children. A classroom of children were asked consider the major problems of today's world, and within the lesson time they picked some of the key issues that politicians have been working on

for several years. Minister Novak outlined that the family environment is also vital in helping young people develop the 'compass' needed for navigating the world.

If education is changing, so is the world of work. On average, more than 40% of European workers feel 'over-skilled' or 'under-skilled' for their job. This can not only reduce labour productivity, but can also have a negative impact on individuals. Workers whose skills do not match those required in today's jobs face a higher risk of unemployment, lower wages and poorer long-term prospects. At the same time, many employers report that they face recruitment problems due to skill shortages. This can constrain their ability to innovate and their uptake of new technologies.

Skills gaps and mismatches exist and their potential negative impacts are real. We think we know what kinds of skills people need to have. The question is, are we right? And if so, how do we ensure people actually acquire them? How do we move from conceptualisation of skills needs to the implementation of lifelong skills development?

William Spriggs, Chief Economist of AFL-CIO, argued that in these changing times, the number one skill other than adaptability is the capacity to be human: to be creative, to be able to question. He also warned that an important skill is the ability to be discerning about public policy, "so that we know how to fashion a society that benefits us, as opposed to enriching someone else."

Péter Kadas, CEO of Traction Tribe, highlighted that it is important not to forget the skill of execution, of getting things done. Pushing the notion of adaptability one step further, he also stressed that it is important not to be afraid of losing everything. This is particularly important in the world of entrepreneurship, he argued.

Ultimately, it is important to keep in mind the blurred boundaries between work and free time, about the loosened relationship between work and wages. Take the biggest information product in the world, Wikipedia. Wikipedia is not made by employees, but by volunteers for free – and it has abolished the encyclopaedia business and deprived the advertising industry of an estimated

USD 3 billion a year in revenue. The bottom line is that today the whole of society is the factory. With our skills, we all participate in the creation and recreation of the brands, norms and institutions that surround us. Or think about time banks, co-operatives and self-managed spaces. They trade in the new currency of free time, networked activity and free stuff. The knowledge content of products is becoming more valuable than the physical things that are used to produce them. That is the heart of tomorrow's skills agenda.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_87a1618b4ce722ad8caf73798b66071e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_87a1618b4ce722ad8caf73798b66071e.html)

## SPEAKERS

### Moderator

**Sophie Fay**, Chief Editor, Business, *L'Observateur*, France

### Scene Setting

**Andreas Schleicher**, Director, Education and Skills; Special Advisor on Education Policy to the Secretary-General, OECD

### Speakers

**Péter Kadas**, CEO, Traction Tribe

**Lin Kobayashi**, School Founder and Chair of the Board, International School of Asia, Karuizawa, Japan

**HRH Princess Laurentien van Oranje**, UNESCO Special Envoy on Literacy and Development, Author of the Mr Finney series for children

**Katalin Veresne Novak**, Minister of State, Ministry of Human Capacities, Hungary

**William Spriggs**, Chief Economist, AFL-CIO, and Professor of Economics, Howard University

## FURTHER READING

OECD work on education and skills  
[www.oecd.org/skills](http://www.oecd.org/skills)

Education Indicators in Focus  
[www.oecd-ilibrary.org/education/education-indicators-in-focus\\_22267077](http://www.oecd-ilibrary.org/education/education-indicators-in-focus_22267077)

PISA in Focus  
[www.oecd-ilibrary.org/education/pisa-in-focus\\_22260919](http://www.oecd-ilibrary.org/education/pisa-in-focus_22260919)

OECD work on skills and work  
[www.oecd.org/employment/emp/skills-and-work.htm](http://www.oecd.org/employment/emp/skills-and-work.htm)



# Uneven Careers

This interactive discussion café session allowed speakers and participants to share experiences, exchange examples on how to build a successful career, benefit from experience, and overcome negative stereotypes and discrimination linked to career breaks.

Women confront a ‘double burden’ when trying to reconcile family and professional responsibilities. These responsibilities make it difficult to establish and maintain stable careers, and often restrict women to part-time, low-paid and low-status jobs. Childcare costs and higher tax rates on the second earner in a family also reduce female labour force participation. Uneven careers have financial implications: women are more likely to run out of economic resources later in life, as they have built up less financial security in terms of pensions. Ageing women who live alone are the most vulnerable group, which will grow in size in our increasingly ageing societies.

Perception and bias make it very difficult when trying to successfully achieve a transition after breaks or changes in profession. More and more, for both men and women, careers are full of “ups and downs”, with breaks and changes in profession. Corresponding CVs are atypical, which does not help when looking for a job. Both internal and external recruiters are often reluctant to recruit or offer a job to a candidate whose experiences are diverse and non-linear. They still tend to recruit

people who have a specific educational background and experience in the exact field that corresponds to the post– even if we are witnessing some evolutions today. Ultimately, a woman who is not currently employed will have more difficulty in finding a job than if she is already working. There is still a stigma attached to being temporarily unemployed, even if it is becoming increasingly common at all levels. And this becomes even more challenging for the younger generations who have more difficulty in entering the job market, with more frequent periods of unemployment or non-standard work.

These so-called ‘disruptive’ careers, be it due to a long period of unemployment or of reorientation to seek a career or sector change rather than a job switch, are becoming more frequent. While having a ‘job for life’ or a ‘career for life’ is becoming an obsolete concept, there is still reluctance to acknowledge that uneven paths provide an added value. Women benefit from the experience they gain from the many activities they undertake and contribute to more diverse teams. Their unpaid work experience can give them an edge in “soft skills”, crucial for good management practices such as addressing conflicts, caring about subordinates’ growth or identifying and preventing risks. In order to draw upon this value, institutions need to overcome negative stereotypes and discrimination linked to career breaks due to small children and family care. For this, the mindset of both

recruiters and job-seekers needs to evolve, so that the skills acquired during career breaks are recognised and valued.

Furthermore, the aspirations of women and men in younger generations are steadily shifting closer together. While women seek financial independence and career development, men want to spend more time with their families. Employers and governments need to adapt their family policies to make them gender-neutral by providing and encouraging equal parental leave. Increased awareness and empowerment are key to help women transform the objections they often encounter during job interviews into assets. It will in turn increase productivity and contribute to achieve the G20 commitment to close the gender gap in labour market participation by 25% by 2025.

Some of the ideas proposed in this session included: establishing fair skills evaluation mechanisms; stronger networks for women to make sure they do not lose connections at work while on maternity leave; defining flexible career paths that are widely accepted, moving the focus away from ‘office hours’ to more ‘project-based’ arrangements; provision of vouchers for childcare by companies; ensuring that part-time employment is available and that it is not full-time work for partial pay; encouraging the sharing of best recruitment practices amongst HR staff; bringing in outsiders to help governments where diversity does not exist; making the discrimination men face if they decide to spend more time with their families more visible; and highlighting the importance of parents as role models.

## SPEAKERS Facilitators

**Stéphanie Nervegna**, Director, Organisation & HR Consulting, Ylios  
**Annick de Vanssay**, Managing Director, JUMP

## Speakers

**Jaap Buis**, Public Affairs Manager, Randstad  
**Janet Awad**, Region Chair of Latin America & Country President, Sodexo, Chile  
**Yoon-Sun Cho**, former Minister of Gender Equality and Family, Korea; former Senior Secretary for Political Affairs, Office of the President, Korea  
**Paolo Falco**, Labour Market Economist, Employment, Labour and Social Affairs, OECD  
**Marianna Georgallis**, Policy and Advocacy Coordinator, Employment and Social Policies - European Youth Forum  
**Ronnie L. Goldberg**, Senior Counsel, United States Council for International Business (USCIB)  
**Linda Lanzillotta**, Vice President, Italian Senate; Ambassador, Women in Parliaments  
**Shiv Malik**, Journalist and Author, *The Guardian*  
**Farah Mohamed**, Founder & CEO, G(irls)20  
**Allan Päll**, Secretary General, European Youth Forum  
**Theresa Rah**, Co-CEO, Oratio  
**Alejandra Sepúlveda**, Executive Director, Comunidad Mujer, Chile  
**Laura Schweiger**, Recipient, OECD Challenge Sigita Strumskyte, Co-ordinator, OECD Women’s Network  
**Tatyana Teplova**, Deputy Head of Division, Governance Reviews and Partnerships, Public Governance and Territorial Development, OECD  
**Diana Ürge-Vorsatz**, Director, Center for Climate Change and Sustainable Energy Policy (3CSEP), Central European University, Hungary

## FURTHER READING

OECD work on Gender  
[www.oecd.org/gender/ongoingwork](http://www.oecd.org/gender/ongoingwork)

OECD Recommendation on Gender Equality in Public Life  
[www.oecd.org/gender/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm](http://www.oecd.org/gender/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm)

Pioneering fathers: Behind every great woman there is a great man (JUMP)  
[http://jump.eu.com/files/2014/SURVEY/DWN/SURVEY\\_PERES\\_EUROPE\\_REPORT\\_EN\\_UK.pdf](http://jump.eu.com/files/2014/SURVEY/DWN/SURVEY_PERES_EUROPE_REPORT_EN_UK.pdf)





# The Contribution of Architecture to Inclusive Growth & Productivity

Alejandro Aravena, Executive Director, ELEMENTAL, Chile, took us on a journey on the role of architecture, design and resources in addressing spatial and income inequality. The 2016 laureate of the Pritzker Architecture Prize and Commissioner of the Architecture Biennale of Venice opened this [Forum 2016 session](#) by claiming that “the best architecture is somewhere between art and survival”. Architecture cannot be a goal in itself, but rather a means to improve people’s lives. Central to his quest is the challenge of translating constraints and conflicting forces into more inclusive architectural designs.

At the heart of this debate are cities. Home to over 3 billion people, cities have the potential to be both “magnets” of inclusive growth or “ticking time bombs”, depending on their ability to improve people’s well-being and increase access to opportunity. Clearly, cities are not just an accumulation of buildings. They concentrate wealth, education and skills. They can generate unparalleled amounts of wealth and lead to extreme marginalisation.

According to Alejandro Aravena, in the future, wealth will essentially be created by knowledge. Cities will compete through their ability to attract or retain knowledge creators. While infrastructure and

connectivity are naturally conducive to the generation of knowledge, social interaction and face-to-face dialogue are also key to creativity.

In order to design environments that lead to improved living standards for all and allow for quality social interaction, addressing inequality is essential. While income distribution, access to health and education are effective long-term mechanisms to address poverty and inequality, design of space and architecture can be direct, impactful tools in the shorter term. Aravena emphasised the importance of designing the best public spaces for people living at the fringes of cities to ensure they have increased access to opportunities.

By 2030, 2 billion people will live below the poverty line in cities, a number that is likely to increase with current migratory flows. Revamping our approach to urban planning will be central to our ability to solve this complex equation. While the global, ever-increasing influx of people to urban centres is of concern, this may represent an unprecedented opportunity for Aravena to improve people’s living conditions more effectively as the concentration of population makes it cheaper to provide quality social services to all. To Alejandro Aravena, the scarcest resource is not money

but good co-ordination among urban planning actors.

Referring to several creative fellow problem-solvers featured at this year’s Venice Architecture Biennale, Alejandro Aravena highlighted the worrying paradox of the need to build shelter for all and protecting our planet with its limited resources. Based on his experience in the aftermath of the 2010 earthquake in Chile, he suggested urban planners tap into local, unqualified labour and natural construction materials to limit their carbon footprint, and provide opportunity at the same time.

To close the session, Aravena noted that if architecture has any power, it is the power of synthesis, the power “to include communities in decision-making processes to get their views, improve their well-being, without necessarily expecting answers from them.”

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_544164a425e217d01bd139840011561e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_544164a425e217d01bd139840011561e.html)

## SPEAKERS

### Moderator

**Anthony Gooch**, Director, Public Affairs and Communications, OECD

### Speakers

**Alejandro Aravena**, Executive Director, ELEMENTAL, Chile



# Life, Time & Space in the 21<sup>st</sup> Century

While some argue that the digital age has the potential to lead to greater well-being by freeing up more time and space for personal fulfilment, others are concerned that the cult of disruption, the constant advance of technology and people's profound appetite for novelty and convenience are speeding up every aspect of daily life. As Robert Colvile put it, "What single quality best defines how our society is changing? Is it that life is becoming fairer, more equal or more prosperous? No: life is getting faster. Generation after generation, technology has made life quicker, more convenient, more friction-free – not least as more and more of it has now become digital."

If "modern life" is built for speed – fast food, ever-faster downloads, speed dating, mini-breaks – finding a suitable balance between work and daily living is key. The ability to successfully combine work, family commitments and personal life is important for well-being. As societies and businesses grapple with the limitations of a model based on pure economic growth, more investment will be needed to ensure people's quality of life. Sodexo focuses strongly on the link between people's well-being and contribution to local communities and their performance at work. However, while some argue that governments – and all employers – can help by encouraging supportive and flexible working practices, making it easier to strike a better balance between

work and home life, some feel, like mindfulness coach Holly Niemela, that well-being starts in oneself.

Office design helps ensure workers' health, well-being and productivity. Architects and designers are increasingly focusing on building environments that encourage social interaction, creativity, diversity, integration and communication. Neuroscientists argue that there is a direct relationship between people's comfort at work and their ability to remain engaged, creative and perform better. Raphael Gielgen, Head Research & Trendscouting, Segment Office, Vitra GmbH, emphasised the fact that the design of the workplace will gain in prominence in coming years as the concept of "the physical office" is being questioned. It will be essential to consider the key ingredients of a successful working environment, based on the company's core DNA.

Today, we rely profoundly on technology and workspaces are increasingly open, with meetings on couches and discussions taking place over Skype. We can share workbenches with our bosses and information over Facebook. We reply to e-mails on the morning train, change locations to change perspective when struggling with creative obstacles and can respond to each other's queries at all hours of the day and night. Working on the go or in a co-working space has now

become as normal as working in an open-space office or at home. Sylvia Metayer, CEO, Corporate Services Worldwide, Sodexo, highlighted that technology has indeed allowed her to pursue a career while raising her three children, making it easier to find flexible ways of working. The most defining challenge in the future will however be to not only measure people's performance based on outputs but on their ability to harness the potential of technology.

The fact that screen time now tends to exceed face-to-face interaction is nonetheless raising concerns at a time when the very media that seem to keep us so closely connected to each other could actually keep us apart. As a result, while speed rhymes with progress and success to some, others are calling for a return to slowness, mindfulness and greater emotional intelligence. Management practices are adjusting to this yearning, with the rise of compassionate leadership, the development of people's resilience in the workplace, and empathetic team building.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_e73c05a4cd74f7ffdd6b3004fadbeaa9.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_e73c05a4cd74f7ffdd6b3004fadbeaa9.html)

## SPEAKERS

### Moderator

**Robert Colvile**, Journalist & Author, *The Great Acceleration: How the World is Getting Faster, Faster*

### Scene Setting

**Gabriela Ramos**, Chief of Staff & Sherpa to the G20, OECD

### Speakers

**Raphael Gielgen**, Head Research & Trendscouting, Segment Office, Vitra GmbH

**Sylvia Metayer**, CEO, Corporate Services Worldwide, Sodexo

**Holly Niemela**, Optimal Being Advocate and Teacher, Mindful & Peaceful Interventions





## PART 2 **INNOVATION & THE DIGITAL ECONOMY**



# From a Pre-Digital to a Digital Economy

The digitalisation of nearly every facet of the economy and society that began in the early 1970s is becoming increasingly apparent, but by nearly all predictions, this is only just beginning. Already, digital technologies are becoming a part of our everyday life in ways that we would not have imagined even 10 years ago. More people in more places are connected in more ways than ever, all thanks to innovations in technology and the internet. New phenomena such as the collaborative economy are dramatically changing the way we buy and sell, produce and consume, and even interact socially. Some sectors of the economy are moving almost entirely online, for example book retailing, travel agencies and banking, while new sectors are being created on digital platforms, with Airbnb, Uber and UpWork as widely cited examples. Despite great decreases in global flows of goods and services, and decreases in cross-border capital flows, globalisation has reinvented itself by going digital. According to the McKinsey Global Institute, global data flows have increased by a factor of 45 in less than 10 years.

Andrew Wyckoff, OECD Director, Science, Technology, Innovation, began this OECD [Forum 2016 session](#) by suggesting that the organisation could adapt its slogan to “Better policies for better digital lives” in order to recognise how digital innovations are shaping and disrupting today’s societies and economies. Jacques Bughin, Director of the McKinsey Global Institute, went on to highlight how many companies are still very immature in absorbing digital technologies.

However, he pointed out that there is enough evidence to suggest that digital technologies, combined with artificial intelligence, are likely to fundamentally change value chains and supply chains. He also stressed that whilst the U.S. is perceived to be ahead of the game regarding digital innovations, successful digital native companies and new business models are also springing up in other areas. He offered Sweden, Munich and Cape Town as examples.

Different geographical areas also have different priorities when it comes to digitalisation, pointed out Geoff Mulgan of NESTA. He went on to identify three issues which apply in all cases. Firstly, he called for the need for better mapping and measuring of the digital economy, echoing the concerns raised by Diane Coyle in the [Productivity & Inclusive Growth](#) panel on the challenges of measuring the productivity of the “weightless economy”. Secondly, he highlighted the need for governments to move to a faster and more adaptive model of regulation, to respond to the arrival of new business models, and to ensure that existing regulations do not hamper innovation. He stressed that dialogue should be part of this process. Finally, he highlighted how public procurement tends to be biased against new digital start-ups, and how legislative frameworks could be changed to allow for a bigger impact on the economy.

The decentralisation of economic activity made possible by ICT leads to new business models that are networked such

as Uber and “gig” jobs. At the same time, the control of networks and platforms is increasingly centralised, raising questions about competition and control in the digital economy. Moreover, the fact that our digital lives are being tracked and stored as ‘big data’ raises concerns around privacy and security. A poll conducted at the start of this session asked the audience “What is your greatest digital worry?” According to the multiple choice question, 44% answered “privacy”, 41% “hacking/security” and 15% “device addiction”.

Digitalisation raises fundamental questions about the role of the state in this new digital era, where risk and responsibility seem to be shifting from the collective to the individual and citizens tend to increasingly identify with glocal (global and local) communities rather than the nation state. Axelle Lemaire, Secretary of State for the Digital Economy, France, pointed out that this is not a new debate but rather a contemporary manifestation of the longstanding discussion on what the role of the state should be. She called for five key principles: transparency; security; data protection and the balance between public order and freedom; privacy, or the right for “digital intimacy” and inclusion – of all territories including rural areas, all ages, social backgrounds and languages, and those with disabilities.

The issue of the digital divide also emerged as a key priority for policy makers to address. Geoff Mulgan stressed that governments must do more to ensure that people from all parts of society have the confidence not only to be digital consumers, but also makers of digital things and creators of value. Andrés Gómez-Lobo, Chile’s Minister of Transport and Telecommunications, concurred, arguing that governments must be proactive in providing the necessary infrastructure as well as training for all.

Andrés Gómez-Lobo also highlighted that when an innovation or technological change is introduced, this should not imply that the underlying activity should be unregulated. Instead, governments need to rethink regulatory instruments and policies for a digital age. Sang Woo Kim, President, Corporate Affairs Europe, Samsung Electronics, pointed out that South Korea has gone from being one of the world’s poorest countries in the 1950s, to one of the most innovative countries in the world three years in a row, according to Bloomberg. He emphasised that even in the digital era, the

role of government is critical in ensuring inclusive growth.

Finally, there is the question of government Research & Development (R&D). Geoff Mulgan pointed out that half of many OECD countries’ government R&D spending is dedicated to military uses, and most of the rest on subsidising corporate R&D. This means that little is left to invest in the digitalisation of public services such as health, education and welfare, and this discrepancy must be addressed in order to build inclusive societies. Axelle Lemaire agreed that government investment in R&D for public services is vital. She also stressed the need for governments to be in constant dialogue with economic actors. Overall, the panelists agreed that in order to reap the benefits of digitalisation, a more inclusive and anticipatory style of governance is required.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_db3c588b84bb84fa3a9a4376b8fa5e14.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_db3c588b84bb84fa3a9a4376b8fa5e14.html)

## SPEAKERS

### Moderator

**Nicolas Barré**, Editor-in-Chief, *Les Échos*, France

### Scene Setting

**Andrew Wyckoff**, Director, Science, Technology and Innovation, OECD

### Speakers

**Jacques Bughin**, Director, McKinsey Brussels; Director, McKinsey Global Institute

**Andrés Gómez-Lobo**, Minister of Transport and Telecommunications, Chile

**Sang Woo Kim**, President, Corporate Affairs Europe, Samsung Electronics

**Axelle Lemaire**, Secretary of State for the Digital Economy, Ministry for the Economy, the Industry & the Digital Economy, France

**Geoff Mulgan**, Chief Executive Officer, NESTA

## FURTHER READING

Data-driven Innovation, 2015

[www.oecd.org/sti/ieconomy/data-driven-innovation.htm](http://www.oecd.org/sti/ieconomy/data-driven-innovation.htm)

The Digital Economy Outlook, 2015

[www.oecd.org/internet/oecd-digital-economy-outlook-2015-9789264232440-en.htm](http://www.oecd.org/internet/oecd-digital-economy-outlook-2015-9789264232440-en.htm)

Measuring the Digital Economy, 2014

[www.oecd.org/sti/measuring-the-digital-economy-9789264221796-en.htm](http://www.oecd.org/sti/measuring-the-digital-economy-9789264221796-en.htm)





# The Digital Economy & the Future of Work

The expansion of the digital economy has acted as a driver of economic growth in recent years and is transforming countless aspects of society, from how we sell and how we do business to how we learn. New digital trends such as big data, cloud computing, the Internet of Things and the platform economy are radically changing market structures and the business landscape, reshaping the nature, organisation and the boundaries of work. These trends are causing disruption not only to business models but also to labour markets, with significant change predicted in the skill sets needed for the future of work and important implications for the relevance of labour market institutions, social protection and welfare systems.

We cannot predict exactly what work will look like or the specific types of jobs that will exist in the future. What is clear, however, is that most sectors will be affected by the digital revolution. Jobs requiring physical labour or even the services sector, for instance, will become increasingly automated and handled by intelligent systems, hollowing out middle-skill, routine jobs. The impacts will be felt throughout the private and public sectors, including professions which have traditionally been resistant to automation, such as legal and accounting services.

OECD estimates point to less than 10% of jobs at high risk of being automated. However, an additional 30% of jobs would have to be significantly adjusted as many tasks could be automated in a not-so-distant future.

Results of an audience poll at the start of this [OECD Forum 2016 session](#) revealed that only 8% of participants believe that their jobs will be automated. In fact, Julien Seret, Vice-President, Enterprise & EMEA Marketing, SoftBank Robotics, emphasised that robots are replacing more routine or repetitive tasks. Robots from SoftBank, for example, are never used to 'replace' people. They are mainly used to enhance consumer experience by giving guidance and collecting information from clients. Therefore, one could argue that the underlying issue raised by automation is not technological unemployment, but rather a structural change in the tasks performed by workers as well as the complementarity between workers and computers.

The platform or 'sharing' economy offers workers great opportunities, including the flexibility of freelancing and holding multiple jobs or gigs to top up their income. These new forms of organising work will also challenge many social practices based on a unique employer-employee relationship (e.g. minimum wages, statutory working hours, collective bargaining and pension, health and unemployment insurance schemes). The new ways of organising work are also shifting risk to individual workers. Individuals are increasingly in charge of their own training, retirement planning and health insurance. Ximena Rincón, Minister for Labour and Social Security of Chile, added that even if digitalisation does not mean a reduction of jobs, governments need to be ready for the new regulatory challenges and make workers

the focus of their concerns. She also stated that in order to do so we need a combination of more government and more dialogue with the private sector.

The 'digital worker' is thus becoming a vital asset in learning, productivity and overall business management. Basic Information and communications technology (ICT) skills, ICT specialist skills and ICT complementary skills are becoming increasingly important. Many argue that those with low to medium levels of such skills face difficulties in the labour market. Jacques van den Broek, CEO and Chairman of the Executive Board of Randstad, noted that soft skills, such as improvisation or face-to-face client contact, are increasingly essential. He argued that the education sector is still too focused on classroom learning and should take on more of a leadership role in nurturing digital skills. In turn, Roger Dassen, Vice Chairman Risk, Regulatory, and Public Policy, Deloitte Global, stressed that the way learning and development occurs in companies also needs to change since employee development is key.

Governments in OECD countries are increasingly conscious of the need to foster the digital economy in a strategic manner, in order to expand its benefits and respond to key challenges such as adapting education and training systems, labour market institutions, social protection and welfare systems and ensuring that these changes do not increase inequalities. Jean-Claude Mailly, General Secretary at Force ouvrière (FO), noted that numerous questions arise in terms of the protection of working conditions,

labour rights, tax aspects and the organisation of work. Consequently, he emphasised the need to be proactive and to adopt a long-term outlook.

Disruptions to the world of work must be embraced if societies are to ensure economic opportunity and inclusiveness for all. The ways in which policy makers, companies, employees and educators adapt to these disruptions will make the difference between being successful and being left behind.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_f719b3948eb55540a01ca0533de7ffbba.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_f719b3948eb55540a01ca0533de7ffbba.html)

## SPEAKERS

### Moderator

**Jason Karaian**, Senior Europe Correspondent, *Quartz*

### Scene Setting

**Stefano Scarpetta**, Director, Employment, Labour and Social Affairs, OECD

### Speakers

**Jacques van den Broek**, CEO and Chairman of the Executive Board, Randstad

**Roger Dassen**, Vice Chairman Risk, Regulatory, and Public Policy, Deloitte Global

**Jean-Claude Mailly**, General Secretary, Force ouvrière (FO), France

**Ximena Rincón**, Minister, Labour and Social Security, Chile

**Julien Seret**, Vice-President, Enterprise & EMEA Marketing, SoftBank Robotics, with Pepper

**Marianne Vikkula**, President, Slush



# FinReg & FinTech

While some observers such as journalist and author Joris Luyendijk fear that “business-as-usual” has remained the dominant mindset in the financial sector and claim that reform has not been sufficient, others ponder whether the 2008 financial crisis may not have planted the seeds of incumbents’ demise. As public trust in banks eroded and regulatory pressures increased in the wake of the crisis, a wide array of ‘FinTech’ (Financial Technologies) has blossomed.

Innovations and inexpensive data processing have lowered barriers to entering the financial sector. Greater capital requirements for incumbents have created opportunities that newcomers strive to seize. And as *Generation Y* is coming of financial age, thousands of entrepreneurs and investors have come to believe they could ‘unbundle’ the banking industry by taking on some of its most lucrative activities. This is not to say that the latter is about to disappear. In this *OECD Forum 2016 session dedicated to FinReg and FinTech*, John Gapper of *The Financial Times* highlighted that banks were created for a purpose, to extend credit, and they will still be required to do so. However, the industry is ripe for competition and banks may soon be left with little more than this heavily regulated and unprofitable activity, with newcomers seizing an ever-growing share of their lucrative “add-ons”.

Of course, some of these new FinTech companies may be swallowed by incumbents. Even BlockChain’s CEO, Nicolas Cary

recognised that being “bought for a price tag” can appear as a “seductive exit” for a number of young entrepreneurs. The writer and journalist Joris Luyendijk stressed that banks’ “war chest” is already impressive. Nevertheless, all panelists agreed that legacy systems and vested interests in the status quo prevent incumbents from reinventing themselves. The financial sector is thus high up in the growing list of industries experiencing major disruptions due to the rise of information technologies.

“Robot-advisors” already provide fully automated wealth management services for a fraction of the price of a human advisor. A new model of app is reshaping the pensions industry by revolutionising data accessibility, providing tailor-made solutions, and helping plug the saving gap through financial planning tools. Peer-to-peer lending platforms are lauded as paradigm shifting for SMEs. Mobile payment schemes may soon extend financial services to the “unbanked”, that is, to half of the world’s adult population. Perhaps most revolutionary of all is blockchain technology, which currently underpins the bitcoin but aspires to give rise to a greater ‘internet of value’, where money would flow as freely as data does today. It is therefore clear that many stand to benefit from the provision of financial services through the engagement of technology. Prospective gains in terms of cost efficiency and inclusiveness are substantial. In the words of Charles Rick Johnston of Citi, “technology shows us a brighter future”.

Critics on the other hand offer words of caution. Joris Luyendijk highlighted that several past innovations were regarded as game changers, but never delivered on their promises. John Gapper warned that, far from fostering democratisation, technological advances in the financial sector have historically tended to be used by some incumbents to gain a competitive edge and twist the system in their favour. Furthermore, while innovative data analysis techniques allow FinTech to thrive, they may give rise to financial discrimination on the basis of personal information. Conversely, the anonymity afforded by crypto-currencies makes them a tool of choice for illegal activities such as money laundering, avoiding financial regulations, evading taxes or financing terrorism. Trading algorithms may also destabilise markets in ways no one yet understands.

Technology may well be intrinsically amoral, suggested Nicolas Cary. However, harnessing the remarkable opportunities opened up by FinTech while keeping in check corresponding perils remains a daunting undertaking. Fortunately, in every challenge lies an opportunity. Axelle Lemaire, France’s Secretary of State for the Digital Economy, who views herself as the “Minister of the Imagination”, claimed that regulating emerging technologies offers an opportunity to invent more open and agile regulations. Such regulations will accompany the ongoing reorganisation of the economy and society.

When going down this path, it will however be essential to educate legislators and regulators.

If innovation is not to be stifled, Rick Johnston believes that ensuring regulatory coherence will be of paramount importance. Key to this process will be dialogue and consultations between the different parties and jurisdictions involved. As a forum for policy exchanges and best-practices sharing, the OECD stands ready to deliver in this regard.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_0a9e17d152e3c526a28fb7dd644a5db8.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_0a9e17d152e3c526a28fb7dd644a5db8.html)

## SPEAKERS

### Moderator

**Axel Threlfall**, Editor-at-Large, *Reuters*

### Speakers

**Nicolas Cary**, CEO, BlockChain

**John Gapper**, Associate Editor-in-Chief Business Commentator, *The Financial Times*

**Charles R. Johnston**, Executive Board Member, Business and Industry Advisory Committee (BIAC)

**Axelle Lemaire**, Secretary of State for the Digital Economy, Ministry for the Economy, the Industry & the Digital Economy, France

**Joris Luyendijk**, Journalist, *The Guardian*

## FURTHER READING

OECD Working Paper: *The Bitcoin Question – Currency versus trust-less transfer*

[www.oecd.org/daf/fin/financial-markets/The-Bitcoin-Question-2014.pdf](http://www.oecd.org/daf/fin/financial-markets/The-Bitcoin-Question-2014.pdf)





# Entrepreneurship & Development

A key challenge for policy makers is to ensure equal opportunities to entrepreneurship and a thriving community of small- and medium-sized enterprises (SMEs). This was the focus of an [OECD Forum 2016 discussion](#) bringing together perspectives from Japan, Chile, Turkey and Hungary, with speakers José Miguel Benavente, Chief, Competitiveness and Innovation Division, Inter-American Development Bank; Berna Özşar Kumcu, Secretary-General, World SME Forum; Veronika Pistyur, CEO, Bridge Budapest, Hungary; and Naoyuki Yoshino, Dean, Asian Development Bank Institute (ADBI); Professor Emeritus, Keio University, Japan.

On average in the OECD area, SMEs account for approximately 99% of all firms, and are the main source of employment, providing 70% of all jobs. In developing countries, SMEs contribute significantly to broadening employment opportunities, social inclusion and poverty reduction. In emerging economies, SMEs contribute on average to more than 50% of employment and 40% of GDP. When taking the contribution of informal businesses into account, SMEs contribute to more than half of employment and GDP in most countries irrespective of income levels.

Across economies, SMEs and entrepreneurs contribute to economic growth by introducing innovation and by adopting and imitating innovation generated elsewhere. This often implies incremental changes and adaptation to different contexts. New and small firms are particularly important for innovation

dynamics, as they often exploit technological or commercial opportunities that have been neglected by more established companies. By developing innovation and diffusing it across the economy, start-ups and SMEs challenge incumbents, stimulate competition, generate high-wage employment and enhance productivity growth.

SMEs and entrepreneurs also contribute to economic value creation by providing key quality inputs across supply chains, at the local and the global level.

However, many SMEs face challenges which vary depending on socio-geographical settings. For example, José Miguel Benavente outlined that the very nature of an SME in Europe or in Latin America is different, especially with regard to sales, workers and assets. He warned that we need to be careful about what we mean when we talk about SMEs. Both Veronika Pistyur and Naoyuki Yoshino pointed to a cultural mistrust of entrepreneurship in their home countries. According to a report cited by Pistyur, 33% of Hungarian society thinks that entrepreneurs are criminals, whilst 70% don't want to become entrepreneurs. In Japan, parents encourage their children to pursue careers in large companies where they are expected to stay for many years.

Policies which create a stronger entrepreneurial culture and regulatory framework to support it, as well as access to markets, networks, skills and finance

are essential to create a level playing field for SMEs and enable them to achieve their potential. Macroeconomic instability, regulatory uncertainty, complexities and inconsistency, red tape and corruption, cumbersome tax systems and lack of human and financial resources, which affect economic initiatives at large, produce disproportionate effects on SMEs and entrepreneurship. By benchmarking these key business conditions, the OECD is supporting the development of a favourable business environment for SMEs.

Naoyuki Yoshino offered insights into the financial challenge for start-ups in Japan. He described two Japanese companies that started as small businesses: Honda and 7-Eleven. Both had experienced enormous difficulties in securing loans from banks and resorted to obtaining financing from money lenders. Conversely, he pointed out, once such businesses become successful, banks then become very keen to do business with them. He concluded that such barriers to early financial support must be broken down. One important way to begin is by gathering information on SMEs to create a database. By collecting together key data, this database could indicate whether a small company is risky or safe. As a result, the 'good' SMEs can have easier access to lower interest rates.

José Miguel Benavente outlined that in Latin America, people are motivated to become entrepreneurs due to "necessity" rather than opportunity. This inevitably influences the types of financing that are made available.

Berna Özşar Kumcu also highlighted that many SMEs are unable to seize the potential of technology to improve their productivity, because they are "missing the necessary infrastructure". In response, the World SME Forum (WSF) was established in May 2015 by the International Chamber of Commerce (ICC) and the Turkish Chambers of Commerce and Commodity Exchanges

(TOBB). The Forum was founded upon strong recommendations of the 2015 B20 Taskforce on SMEs & Entrepreneurship and with the support of the G20 Finance Ministers. The G20 leaders officially welcomed the creation of WSF during their November 2015 meetings in Antalya, Turkey, as the first private-sector led entity to represent and support SME Development.

All panelists agreed that it is vital for young people to be inspired by success stories. Veronika Pistyur explained that it was this need that propelled the foundation of Bridge Budapest. The start-up was founded by entrepreneurs, responding to the fact that in Hungary, young people did not have any role models to look up to from the entrepreneurship world. Their idea was to help tell the stories of some of Hungary's successful start-ups, which include Prezi and LogMeIn. Three years ago, no one knew that these companies are from Hungary. Pistyur argues that storytelling is a vital tool for shifting mindsets.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_307dd46dbf4f386f00f468ce750bac2e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_307dd46dbf4f386f00f468ce750bac2e.html)

## SPEAKERS

### Moderator

**Thibaut Thomas**, Communications and digital strategies consultant

### Speakers

**José Miguel Benavente**, Chief,

Competitiveness and Innovation Division, Inter-American Development Bank

**Berna Özşar Kumcu**, Secretary-General, World SME Forum

**Veronika Pistyur**, CEO, Bridge Budapest, Hungary

**Naoyuki Yoshino**, Dean, Asian Development Bank Institute (ADBI); Professor Emeritus, Keio University, Japan



# Women & the Future of STEM

In recent years, increased public attention towards gender equality has led to improvements in employment, earnings and career progression for women. In OECD countries today, women entering the labour market have higher education levels on average than their male counterparts. However, despite this seeming reversal of the gender gap, significant barriers still persist in education, employment and entrepreneurship. Girls and young women are still less likely than men to study and work in the areas of science, technology, engineering and mathematics (STEM). In fact, STEM studies and careers are characterised by huge gender imbalances.

This issue was the focus of an [OECD Forum 2016 panel](#) bringing together Olivier Crouzet, Director of Studies, École 42, France; Ronnie L. Goldberg, Executive Vice President and Senior Policy Officer - United States Council for International Business (USCIB); Alejandra Sepúlveda, Executive Director, Comunidad Mujer, Chile and Haruno Yoshida, Vice Chair of the Board of Councillors, Keidanren, Japan.

Mari Kiviniemi, the OECD's Deputy Secretary-General, began the session by setting out findings from [the OECD's ABC of Gender Equality in Education](#), and other core OECD work on the topic. On average across OECD countries, 88% of graduates from science and engineering programmes are men ([OECD Education at a Glance, 2015](#)). However, professions in STEM are projected

as some of the fastest growing careers. The underrepresentation of women in STEM careers represents a significant talent loss and poses a critical challenge to productive economies, sustainable economic growth and inclusive societies.

Young girls and women continue to face personal and external barriers preventing them from fully engaging with the STEM world. The gender bias in STEM starts early and is significantly influenced by cultural and academic factors. Teenage boys report better perception of their mathematical abilities than their female counterparts even when both perform equally well in mathematics. In addition, girls tend to experience higher levels of stress and anxiety around mathematics subjects. The most recent PISA findings show that in three out of a sample of 11 OECD member countries – Chile, Hungary and Portugal – the gender gap in the percentage of 15-year-old boys and girls whose parents expected them to work in STEM occupations is larger than 30 percentage points adjusting for differences in performance.

Young girls' self-doubt regarding their performance in science subjects is amplified when they are confronted with stereotyped expectations from parents, teachers and school councillors and turns into disappointment in a gender-biased working environment. PISA suggests that young women may be highly influenced by their level of self-confidence in their

mathematics abilities when considering educational and career opportunities selecting degrees programmes. Even when young women enrol in STEM-related studies, they are less likely than young men to work as professionals in their corresponding sectors and to progress in their careers. [Data from a subset of OECD countries](#) shows that, among graduates with science degrees, 71% of men but only 43% of women work as professionals in physics, mathematics and engineering.

In addition, socio-cultural norms can crystallise the gender gap in the world of work. In Japan, Haruno Yoshida explained, female participation in the technology sector is one of the lowest in all OECD countries. Beyond STEM, female participation in the workforce in Japan is low. This is partly because 3.4 million females who want to work cannot do so because of household duties. She also argued that working hours are outdated, with days running from 9h00 to 21h00 and two hour commuting times, leaving little room for a work-life balance.

All panelists agreed that the social and economic benefits of bringing more women into STEM are incontestable. Haruno Yoshida argued that the 4<sup>th</sup> industrial revolution is inherently a female friendly industry, since the digital realm is characterised by inclusiveness and agility, traits typically perceived as “feminine”. Therefore, this is an opportunity to be

seized, especially in Japan, which is still shaking off post-war divides categorising men as “craftsmen” and women as housewives. “If we are going to a brand new direction”, she argued, “We need to put new people there, who don’t have a legacy from the past”. Olivier Crouzet highlighted that 10% of the applicants of École 42 are female, and 10% of its students are also female, compared to 3-5% in other French technology schools. The example of École 42 demonstrates that when it comes to IT, women are just as capable as men. He outlined how the school’s curriculum is based upon peer-to-peer learning, where students are encouraged to think creatively. Companies employing graduates from the school for internships or jobs testify that these soft skills are highly valued. Reducing the gender gap in access to this kind of education could therefore lead to greater productivity, he argued.

The panelists weighed up the pros and cons of two possible solutions to the gender gap in STEM: the use of quotas, and the importance of role models. The former solution was regarded with mixed views. Alejandra Sepúlveda highlighted the benefits of quotas within the context of Chile, where there are not enough women in leadership roles in either the public or private sectors. However, Ronnie Goldberg warned that quotas are one of several tools but not a panacea. Haruno Yoshida concurred, arguing that the focus should be on ensuring teachers in STEM attract





female students. She also highlighted that businesses need to set out clear, transparent goals for gender equality within their growth strategy – and this calls for CEO leadership. Olivier Crouzet went further to stress that quotas can lead to discrimination. He conceded that they can be a useful to help change mindsets but should eventually disappear. Moreover, he highlighted that at École 42, quotas would not be possible since there are simply not enough female candidates.

Role models are vital in addressing the challenge of getting women into STEM careers. Haruno Yoshida argued that they are far more important than quotas, since young people are strongly influenced by the media and look up to famous figures they admire. She gave the example of cybersecurity, a growing field with many job opportunities, yet which lacks female role models and fails to attract female talent. A successful method of inciting interest among female students, she argued, is for companies to offer “open house” sessions during summer vacations. The purpose is to give students an image of how their STEM studies could relate in the commercial sector, and contribute to society’s better future. Alejandra Sepúlveda offered insights into an ongoing social media campaign called #Girlscan, which raises awareness about gender stereotypes that begin in early childhood. The next step, she said, is to build a national campaign in Chile providing female role models of professions in “masculine” fields and male role models for “feminine” ones, and a set of indicators to gauge the impact of the campaign.

Finally, it was agreed that in order to develop the full potential of women, companies in STEM fields need to adapt their work culture. Haruno Yoshida pointed out that many jobs in the digital sector are not constrained to a specific time or space, and can therefore offer more flexibility, but a change of corporate mindset is needed first. Ronnie Goldberg highlighted that Silicon Valley has been criticised for fostering a culture that is hostile to women, and that in order to attract female talent, companies need to offer childcare solutions and incentivise fathers to share domestic duties. Ronnie Goldberg explained that BIAC is making positive steps to enable companies to change their culture by publishing a report, [Putting all our minds to work](#), and offering a toolkit of solutions. The lessons to be learned are the same in STEM as in other sectors, she argued. She also highlighted that “businesses can’t do it alone”, and that an enabling policy framework is needed.

#### Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_0860bce704ef285b78e75098455b2a54.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_0860bce704ef285b78e75098455b2a54.html)



#### SPEAKERS

##### Moderator

**Marcus Karlsson**, Business Editor, *France 24*

##### Scene Setting

**Mari Kiviniemi**, Deputy Secretary-General, OECD

##### Speakers

**Olivier Crouzet**, Director of Studies, École 42, France

**Ronnie L. Goldberg**, Executive Vice President and Senior Policy Officer - United States Council for International Business (USCIB)

**Alejandra Sepúlveda**, Executive Director, Comunidad Mujer, Chile

**Haruno Yoshida**, Vice Chair of the Board of Councillors, Keidanren, Japan

#### FURTHER READING

*The ABC of Gender Equality in Education*  
[www.oecd.org/edu/the-abc-of-gender-equality-in-education-9789264229945-en.htm](http://www.oecd.org/edu/the-abc-of-gender-equality-in-education-9789264229945-en.htm)

*Promoting Female Participation in STEM*  
[www.oecd.org/edu/imhe/Promoting-female-participation-in-STEM.pdf](http://www.oecd.org/edu/imhe/Promoting-female-participation-in-STEM.pdf)

*Closing the Gender Gap: Act Now*  
[www.oecd.org/gender/closingthegap.htm](http://www.oecd.org/gender/closingthegap.htm)

UNESCO and KWDI (2015), *A Complex Formula: Girls And Women In Science, Technology, Engineering And Mathematics In Asia*  
<http://unesdoc.unesco.org/images/0023/002315/231519e.pdf>





# The Algorithmic Society

We are living in an increasingly connected world, where technology is part of everything we do. Globally, there are more activated SIM cards than there are people on earth. Information and communication technologies (ICTs) are increasingly central to every part of our lives, not only at work but also when it comes to shopping, banking, securing a loan, finding a job, booking a holiday or even finding a life partner. And as society shifts towards the digital, so does the increasing mass of data that is available and ready to be harnessed in new, ingenious ways.

One major phenomenon that has emerged from the 'datafication' of society is the algorithm, or more precisely the machine learning algorithm. Every time we go online to make a purchase, search for a restaurant, access our bank accounts or simply interact with our mobile device, we are creating a digital trail of data that is being tracked and stored. This "big data" is fodder for machine learning algorithms. Traditionally in ICT, algorithms are a set of rules written by computer programmers. Machine learning algorithms are different: they can improve the software in which they are embedded, without human intervention. The more data they receive, the higher their ability to "understand" and predict patterns, including patterns in human behaviour. As Anindya Ghose of New York University points out, whether we like it or not we are creatures of habit. Therefore, the predictive capacities of machine learning algorithms are not to be underestimated.

To [debate this topic](#), OECD Forum 2016 gathered together Pedro Domingos, Professor of Computer Science, University of Washington; Anindya Ghose, Professor of IT & Marketing and Co-Director, Center for Business Analytics; Leonard N. Stern School of Business, NYU; Madhumita Murgia, Head of Technology, The Telegraph; and Christian Reimsbach-Kounatze, Economist/Policy Analyst at the OECD. The session was moderated by the BBC's Gareth Mitchell, presenter of the "Click" technology programme.

We are living in an algorithmic society, and many argue that this is a positive thing. On an economic level, machine learning algorithms could help stimulate innovation and productivity growth. According to OECD research, such as the [Data-Driven Innovation: Big Data for Growth and Well-Being](#) project, big data used to feed machine learning algorithms can boost industries including advertising, healthcare, utilities, logistics, transport and public administration.

On a societal level, algorithms can have a positive impact on personal well-being, thanks to the convenience of online search tools, internet shopping and smartphone apps that provide recommendations based upon our behaviour, including our geographical whereabouts. Computer scientist Pedro Domingos predicts that in five years' time, digital personal assistants will be more important than smart phones, with their capacity to aggregate information from

various apps to predict our needs and save us time. Having worked in machine learning for 20 years, Domingos has recently published a book, *The Master Algorithm*, which analyses why learning algorithms are becoming increasingly pervasive in society. During this panel he made it clear that it is vital that everyone has at least a basic understanding of how algorithms work, in order to avoid making the wrong decisions based upon lack of knowledge.

However, the development and deployment of algorithms on a large scale can also be a threat. For example, if algorithms allow companies to predict our purchases before we even make them, what implications does this have upon our personal choices and privacy? Whilst Anindya Ghose advocated a more positive viewpoint on algorithms and more broadly mobile technology, Madhumita Murgia highlighted the dangers of allowing companies to exploit vast amounts of personal data and restrict individual liberties. She shared how her interest in learning algorithms stemmed from an [article she wrote for Wired](#) on data brokers. Her research led her to discover the extent of detailed information that could be found about her as an individual, based simply upon her digital behaviour. This experience outlined that it is essential to promote a deeper understanding among the general public of how algorithms work and the implications on our private data.

In the realm of insurance, loans and legal advice also crystallise fears. Nowadays, our credit rating or health insurance record is often assessed by a machine, not a person, whilst virtual legal assistants are now a reality. On the one hand, this can be advantageous to companies, enabling higher levels of efficiency, and in turn more accessible prices. However, algorithms can lead to discrimination due to unconscious bias of computer programmers. For example, customers seeking a loan might be offered a

higher rate because of their postal address, name, age or gender. Machine learning algorithms on the other hand are arguably bias-free since they absorb data in a rational way. However, they will still reproduce patterns of discrimination that are present in society. They should therefore not be seen as a simple solution.

Many argue that algorithms are the way towards fairer HR and recruitment processes. Big data for Human Resources, or "talent analytics", promises to help companies pick the best candidate whilst avoiding the risk of personal bias. When it comes to fostering gender and racial equality in recruitment practices, these technologies could offer a solution. However, as explained above, algorithms can reinforce bias simply by replicating patterns of discrimination that already exist. For example, studies have found that women or people with "foreign" sounding names receive different kinds of job advertisements than white males. It is therefore evident that in order to create a more inclusive, less discriminatory job market, algorithms cannot offer a quick fix. If used at all, they must be designed judiciously as part of a wider process towards inclusiveness.

The healthcare industry is another key area in which the paradigm of the algorithmic society is played out. OECD research has explored how, if managed strategically, population-based health data, which can help build algorithms, can lead to a more efficient, productive healthcare sector. Anindya Ghose highlighted that if used wisely, algorithms can play a crucial role in reducing waiting time and increasing engagement time between doctors and patients. However, the ethical sensitivities of using algorithms to treat patients' health issues, especially when it comes to critical conditions, must be addressed when imagining and building innovative new models.





Algorithms that drive search engines can also have a negative impact on how others perceive us and on our personal well-being. Google's "Right to be Forgotten" measure was introduced to enable people to continue their lives without being judged for an action in the past which would otherwise be searchable on the Internet. "Filter bubbles" are another issue. This term relates to the way in which algorithm-based search tools are likely to show us information based upon our past behaviour, meaning it is unlikely to challenge our existing views of spark serendipitous connections.

Finally, the role of democracy – the very backbone of society in OECD countries – could be challenged by algorithmic technology. "How the #democracy will work when algorithms are widely used? Do we have elections? Do we have representatives?" tweeted Tuuli Kaskinen, Demos Helsinki, during the session. Christian Reimsbach-Kounatze highlighted how [emerging technologies such as Blockchain](#) are now challenging authority just by being decentralised. He stressed that to address this changing landscape, policy makers should understand data as infrastructure. Therefore the focus should not just be on the transferral of ownership, but also on how to govern access around the data. "Access is one of the key mechanisms for how to think about and how to regulate control over data," he emphasised.

A poll was launched at the start of the session, asking the audience what they thought the main effects of algorithms would be on society. Based upon multiple choice answers, 59% predicted algorithms will "concentrate

power", whilst 25% thought they would "improve inclusiveness" and 16% "invade privacy". Tweets from the audience backed up the feeling of uncertainty and threat provoked by a vision of a society shaped by algorithms: "Data is power and we live in an asymmetric society where companies gather #data and concentrate power", tweeted Mauricio Mejia. On a more positive note, Luisa Sambaeravioli tweeted, "Can we think of a disaggregated model in which algorithms SPREAD rather than CONCENTRATE knowledge and power?"

This panel confirmed that the paradigm of the algorithmic society is very much bound up in the unknown. In many ways, this unknown is exciting, capturing how data is becoming the raw material of our era, a source of many possibilities for innovation and even the means to address social problems. Yet it can also be a threat. Companies must think twice about social implications before introducing algorithm-driven systems to boost profits. In turn, governments should be aware of and act upon the positive and negative implications of algorithms in many areas of society. As Pedro Domingos puts it in his book, "You can't control what you don't understand, and that's why you need to understand machine learning". The challenge will be to ensure that we live in a society which reaps the benefits that algorithms can bring, whilst ensuring that their implications are understood by all.

#### Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_fcadaa572680f2950e90de2e68954e1e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_fcadaa572680f2950e90de2e68954e1e.html)



#### SPEAKERS Moderator

**Gareth Mitchell**, Presenter, *BBC Click*; Lecturer in Science Communication, Imperial College London

#### Speakers

**Pedro Domingos**, Professor of Computer Science, University of Washington, United States

**Anindya Ghose**, Professor of IT & Marketing, Co-Director, Center for Business Analytics,

**Leonard N. Stern**, School of Business, New York University, United States

**Madhumita Murgia**, Head of Technology, *The Telegraph*

**Christian Reimsbach-Kounatze**, Economist/Policy Analyst - Economics of big data, employment/skills, green ICT, OECD

#### FURTHER READING

Data-driven Innovation, 2015  
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Dementia Research and Care: can big data help?  
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The Proliferation of "Big Data" and Implications for Official Statistics and Statistical Agencies: A Preliminary Analysis  
[www.oecd-ilibrary.org/science-and-technology/the-proliferation-of-big-data-and-implications-for-official-statistics-and-statistical-agencies\\_5js7t9wqzvg8-en](http://www.oecd-ilibrary.org/science-and-technology/the-proliferation-of-big-data-and-implications-for-official-statistics-and-statistical-agencies_5js7t9wqzvg8-en)

Assessing government initiatives on public sector information  
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Domingos, Pedro (2016), A mystery in the machine, OECD Yearbook  
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# Health & Productivity in the Digital Economy

Health inequalities across and within countries are a cause for concern because health probably has the biggest impact on people's productivity, income and well-being. Greater emphasis on public health and disease prevention, along with improved access to health services, can improve health status and life expectancy, particularly for disadvantaged groups. This in turn boosts employment rates, productivity and social inclusion. However, many countries have lowered health spending since the financial crisis. At the same time, new technologies have the potential to build effective and sustainable health systems that meet population needs and deliver value for money.

The use of information and communications technologies (ICTs) for health can empower individuals to manage their own health and well-being, with the promise of helping deliver patient-centred care models. Mobile phones, patient monitoring services and health applications can improve the lives of people with chronic diseases by measuring vital signs or providing information about appropriate diet or exercise choices. ICTs can also play a key role in supporting informal caregivers and extending healthcare services to population groups that are difficult to reach, thereby breaking geographical divides, improving patient management and increasing co-ordination between providers, for example through electronic consultations and monitoring, shared medical records or the use of artificial intelligence systems for diagnosis. Thus, ICTs could boost the

effectiveness of health systems and budgets, identifying inefficiencies and shifting resources to where they could have the biggest impact. They are also emerging as a means to provide greater access to healthcare in developing countries.

Jason Sadler, President of International Markets, CIGNA, suggested that the digital era has created a new reality for healthcare. Information is more accessible than ever, which goes hand in hand with the responsibility of stakeholders to provide individuals with more personalised and helpful information. For Martin Price, Vice President, Health Economics, Market Access and Reimbursement, Janssen Europe, Middle East and Africa, it is important to see the role of digital technologies as part of a broader health package: they are facilitators and not replacements for doctors. Sharan Burrow, General Secretary, International Trade Union Confederation, stressed the importance of the human touch in care and cautioned that a substantive part of the population has no internet access.

All these innovations, including fitness and lifestyle apps, are bringing together large and diverse amounts of health data which can be processed, analysed and integrated. ICT devices can yield many benefits including new insights into diseases and their diagnosis, prevention and treatment, greater opportunity for further development of personalised therapies and better methods to address epidemics. Yet technical innovation is not

enough. Even if analysts and governments have high expectations of e-health devices, only a few such devices are available on the market – a situation that appears to be due not to a lack of research or government commitment, but rather to difficulties in implementation. According to Martin Price, more data and research are needed to evaluate the effectiveness of such apps.

Scaling up requires a different mindset towards organisational and cultural innovation. The social aspects of implementation and innovation are crucial. New developments also create new challenges, notably the need for clear regulation, standards and consumer protection to ensure trust, facilitate interoperability and foster innovation. Appropriate legislation on the use of electronic health records and to protect personal data is also required. Effective partnerships with civil society and the private sector should also be fostered.

The question of using personal health data and big data within ICT technologies is a key concern. Panelists agreed on the importance of involving the public in discussions on the future use of big data in order to boost trust. However, Tamas Haidegger, CEO of Hungarian health start-up Hand in Scan, also underlined the importance of individual accountability. Easier access to monitoring our own personal health data should, he argued, encourage people to take responsibility for their own healthcare and that of their children.

Nina Renshaw, Secretary-General, European Public Health Alliance, concluded that to tackle health inequalities beyond mere healthcare provisions, the determinants of health also need to be addressed, including the impact of urban planning, work environments and environmental standards.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_89feb09fa6db96591b855df16f9ad8ee.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_89feb09fa6db96591b855df16f9ad8ee.html)

## SPEAKERS

### Moderator

**Theresa Rah**, Co-CEO, Oratio; former Anchor & Reporter, Arirang TV, Korea

### Scene Setting

**Jason Sadler**, President, International Markets, CIGNA

### Speakers

**Sharan Burrow**, General Secretary, International Trade Union Confederation

**Tamas Haidegger**, CEO, Hand in Scan, Hungary

**Martin Price**, Vice President, Health Economics, Market Access and Reimbursement, Janssen Europe, Middle East and Africa

**Nina Renshaw**, Secretary-General, European Public Health Alliance (EPHA)

## FURTHER READING

Data-Driven Innovation - Big Data for Growth and Well-Being

[www.oecd.org/sti/data-driven-innovation-9789264229358-en.htm](http://www.oecd.org/sti/data-driven-innovation-9789264229358-en.htm)

*Health at a Glance 2015*

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*Health Data Governance: Privacy, Monitoring and Research*

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*Guide to Measuring ICTs in the Health Sector*

[www.oecd.org/health/health-systems/Draft-oecd-guide-to-measuring-icts-in-the-health-sector.pdf](http://www.oecd.org/health/health-systems/Draft-oecd-guide-to-measuring-icts-in-the-health-sector.pdf)





## PART 3 **INTERNATIONAL COLLABORATION**



# 2030 Sustainable Development Agenda

The adoption of the 2030 Agenda for Sustainable Development – with its 17 Sustainable Development Goals (SDGs) and 169 targets – is cause for celebration. Now that the international community has agreed on this ambitious vision for sustainable development, the real challenge begins: turning words into action. The success or failure of the 2030 Agenda will rest on its implementation. Many of the 17 goals and 169 targets agreed in 2015 will remain aspirational unless they are pursued through decisive actions at the global, regional, national and sub-national levels.

Implementation will require a holistic and integrated approach. For most OECD governments, the Millennium Development Goals (MDGs) were largely the responsibility of foreign ministries and development agencies. While the MDGs spurred record increases in aid, and supported many developing countries in building strategies for poverty reduction and economic development, the SDG agenda encompasses a much wider array of inter-related economic, social and environmental issues. Governments – as well as non-governmental stakeholders – will need to adapt to new challenges and overcome intellectual and institutional silos. The goal is very clear: “Leaving no-one behind”. The interconnection between the 17 goals encourages all stakeholders to be involved in this journey towards 2030.

The 2030 Agenda also transcends the ‘north-south’ dynamic that has governed development policy for decades. The SDGs are a global responsibility and should be embraced

by countries at all levels of development. Many OECD countries face challenges such as rising income inequality and youth unemployment, while advancing gender equality remains a challenge across the globe. The SDGs also recognise the complementarity of actions ‘at home’ and ‘abroad’. Domestic policy choices can directly affect the well-being of people in other countries, which means that national policies cannot ignore the so-called global public ‘goods’ and ‘bads’. For example, cutting fossil fuel subsidies can improve the global environment while freeing up domestic resources for other sustainable development objectives.

At the same time, this universal agenda must not divert attention from the needs of the poorest people and the poorest countries. Some 800 million people worldwide continue to live in extreme poverty (USD 1.90 per day). The Least Developed Countries (LDCs) – two-thirds of which are in sub-Saharan Africa – continue to face particular challenges. Few of them have succeeded in fostering truly inclusive development. For some, protracted conflict and situations of fragility aggravate development challenges. The capacity of LDCs to attract financial flows beyond aid often remains limited, yet aid flows to them are also stagnating. Donor countries must now implement their commitments to reach agreed aid targets for LDCs.

In this [OECD Forum 2016 session](#), panelists not only expressed concern regarding implementation efficiency, but also questioned whether OECD countries were ready for the

SDGs. An audience poll revealed that 59% of participants believed that OECD countries were not ready to face the challenges the SDGs bring. Challenges include lack of access to data for those countries that have benefited from MDGs, and the fact that for the most part these countries are not OECD members. With a global cost of USD 3 to 4 trillion a year, all actors – including the private sector, governments and civil society – must participate in this endeavour to eradicate the huge gaps existing today, such as the infrastructure gap estimated at around USD 1 trillion. Peter Robinson, President and CEO of the United States Council for International Business, showed a strong will to commit to the 2030 agenda: “Let me assure everybody here that business is very committed to the aspirations and ambitions as well as meeting the challenges that you’ve heard”.

Helle Thorning-Schmidt, CEO, Save the Children International, outlined the charity’s involvement in shaping the SDGs, and its particular focus on saving “every last child”. Elaborating on this notion, she emphasised that “the children that are hardest to reach are not only poor”, they face a “toxic mix” of poverty and systematic discrimination. She outlined three ways to combat discrimination: firstly, it is important to change legislation that discriminates; secondly, we have to create and implement proper financing targeted towards these “last children”; thirdly, it is vital that these children are counted, because if they are not counted they cannot be accounted for. Whilst some countries are making progress, change must happen on a global level. Helle Thorning-Schmidt also emphasised that Save the Children International advocates getting children involved in decision making. Overall, she highlighted that it is possible to make positive changes but we need to act fast.

Michael Elliott, President and CEO of ONE, outlined how his organisation recently chose to tackle the impact of poverty on women and girls. ONE’s “Poverty is Sexist” campaign addresses gender discrimination in domains such as healthcare, education, agriculture and in terms of broader economic policy. He emphasised that economic growth will not be possible unless we “take seriously” the idea that poverty is sexist. Endorsing Helle Thorning-Schmidt’s argument, he emphasised that “you can’t change what you don’t measure”. He called for a “real data revolution across the board” in order to ensure that we know the extent to which women and girls are left behind, and that we develop fact-based policies to address these issues urgently.

Panelists emphasised the importance of the Official Development Assistance (ODA) in the process towards achieving the implementation of the SDGs by 2030. ODA is defined by the OECD as “those flows to countries and territories on the DAC [Development Assistance

Committee] list of ODA Recipients and to multilateral institutions which are: provided by official agencies, including state and local governments, or by their executive agencies.” In addition, as the international community moves forward with this new agenda, it is increasingly important to find ‘smart’ approaches to financing development. The Addis Ababa Agenda for Action sets out over 100 actions and commitments to boost the volume and effectiveness of development finance. It emphasised the need to mobilise more domestic resources through improved tax policy and administration, and combating illicit flows. While recognising the continued importance of ODA, particularly for the poorest countries, it also called for action to improve the development impact of private finance, including foreign direct investment, remittances and blended finance.

Peter Turkson, President, Pontifical Council for Justice and Peace, highlighted that if there is no peace, then it is very difficult to achieve development objectives, and this could be “one of the basic challenges of the realisation of the SDGs”. He emphasised that we need to pay greater attention to establishing peace and doing away with war, and eliminating all sources of conflict.

**Watch the webcast:**  
[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_7ba7fe7ec8c05d853f9b46499538779d.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_7ba7fe7ec8c05d853f9b46499538779d.html)

## SPEAKERS

### Moderator

**Mairead Dundas**, Presenter & Reporter, Down to Earth, *France 24*

### Scene Setting

**Martine Durand**, Director of Statistics and Chief Statistician, OECD

### Speakers

**Michael Elliott**, President & CEO, ONE  
**Aart De Geus**, Chairman and CEO, Bertelsmann Stiftung

**Peter Robinson**, President and CEO, USCIB  
**Alenka Smerkolj**, Minister for Development, Strategic Projects and Cohesion, Republic of Slovenia

**Helle Thorning-Schmidt**, CEO, Save the Children International

**Peter Turkson**, President, Pontifical Council for Justice and Peace

## FURTHER READING

OECD work on development  
[www.oecd.org/development](http://www.oecd.org/development)

OECD and the SDGs  
[www.oecd.org/dac/sustainable-development-goals.htm](http://www.oecd.org/dac/sustainable-development-goals.htm)





# Responsible Business Conduct

The role of business in society has evolved from the charitable and voluntary endeavours associated with Corporate Social Responsibility (CSR) to the more stringent expectations of Responsible Business Conduct (RBC). The need for RBC measures is especially linked to the complex value and supply chains of Multinational Enterprises (MNEs). As international actors exceeding the boundaries of national governments, MNEs are well placed to take an active leadership role in addressing social, environmental, developmental and human rights challenges at a global level.

The year 2016 marks the 40<sup>th</sup> anniversary of the [OECD Guidelines for Multinational Enterprises](#), the most comprehensive set of recommendations by governments to businesses on Responsible Business Conduct (RBC). The Guidelines are unique in that they remain the only government-backed international instrument on RBC with a built-in grievance instrument enabling stakeholders to raise concerns in cases where the Guidelines are not observed. The grievance mechanism consists of National Contact Points (NCPs) located in 34 OECD countries and 12 non-OECD countries, whose role is to further the effectiveness of the Guidelines by undertaking promotional activities, handling enquiries and contributing to the resolution of issues that arise from the alleged non-observance of the Guidelines. When a notification is made, the NCP approaches the company in question, conducts a situational assessment and determines what actions to

take, which can include measures such as mediation and conciliation. So far over 360 cases have been brought to the attention of NCPs.

At the recent G7 summit in June 2015, countries committed to strengthening the mechanisms for providing access to remedies including the National Contact Points (NCPs). Suggestions included placing a focus on ensuring adequate staffing and funding in order to make the process more accessible, impartial, and transparent. Such improvements would enable MNEs to better respond to challenges while acting within the context of an internationally agreed upon mechanism.

In his opening statements in this [OECD Forum 2016 session](#), Nobel Peace Prize Laureate Kailash Satyarthi stated that businesses should not be viewed as merely money making machines, but acknowledged for the huge impact they can have on society, an impact that can be either good or bad depending upon priorities and values. Consumers, the primary drivers of the private sector, hold tremendous power, and that power should be used for the betterment of society. Kailash Satyarthi stressed the importance of multi-stakeholder partnerships between government, civil society and business. Michel Landel, CEO of Sodexo, agreed that progress can only be made if key actors work together and collaborate with unions and non-governmental organisations. As part of strengthening partnerships and

stakeholder dialogue, Pascal Canfin, CEO of WWF France, argued that the best way to strengthen the Guidelines is to update them according to the international agreements reached at COP21, where representatives from over 190 countries convened to secure a legally binding framework keeping global warming to less than 2°C through the reduction of greenhouse gas emissions and carbon output.

According to Phil Jennings, General Secretary, UNI Global Union, there is a responsible business conduct deficit, and we are currently not doing enough. Although we have principles, the guidelines, and the enforcement mechanisms are still too weak. This situation is reinforced by the fact that 60% of the 3 billion working people across the world still deal with inadequate working conditions, and 30% survive on less than USD 3 a day. Global agreements, however, are a basis for dialogue that must continue so that workers can organise and negotiate to improve these conditions.

Sector-specific initiatives, which aim to facilitate the application of the Guidelines to specific industries, are being developed to promote due diligence in agricultural supply chains, textile and garment supply chains, mineral supply chains, the financial sector and the extractive sector. In these situations Maria Recart, Representative, Business and Industry Advisory Committee (BIAC), said that MNEs have an obligation to lead the way when operating in developing countries. MNEs are considered leaders in terms of effective economic practices, stability and good governance, and therefore must set the example for local businesses and operations.

While the OECD Guidelines focus primarily on MNEs, the panel highlighted that it is important to also pay attention to the role that start-ups and SMEs can play in

encouraging responsible business conduct. Both MNEs and SMEs are in a position to integrate responsible business conduct into their operations from the outset and are the innovators of the economic system.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_99bfe685564e4e3356b9739facd36f28.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_99bfe685564e4e3356b9739facd36f28.html)

## SPEAKERS

### Moderator

**Conny Czymoch**, Moderator & Journalist

### Speakers

**Pascal Canfin**, CEO, WWF France

**Philip J. Jennings**, General Secretary, UNI Global Union

**Tuuli Kaskinen**, Executive Director, DEMOS Helsinki, Finland

**Michel Landel**, CEO and Member of the Board of Directors, President of Executive Committee, Sodexo

**Maria Olivia Recart**, Representative, Business and Industry Advisory Committee to the OECD

**Kailash Satyarthi**, Nobel Peace Laureate; Founder, Kailash Satyarthi Children's Foundation

## FURTHER READING

OECD Guidelines for Multinational Enterprises  
<https://mneguidelines.oecd.org/text/>

OECD-FAO Guidance for Responsible Agricultural Supply Chains  
<https://mneguidelines.oecd.org/launch-of-the-guidance-for-responsible-agricultural-supply-chains.htm>

*Climate change disclosure in G20 countries: Stocktaking of corporate reporting schemes*  
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# OECD & G20

## Towards an Innovative, Invigorated, Interconnected and Inclusive World Economy

Despite nearly a decade of policy efforts, the global economy is still struggling. Weak growth, persistently high unemployment in several countries, faltering trade and investment and a profound loss of public confidence and trust persist as the consequences of the economic crisis. Today, two long-term trends have emerged: a decline in productivity growth, with hourly labour productivity growth in the OECD area sliding from 2% in 1990-2000 to 0.9% in 2007-14, and a longer-standing rise of inequalities in wealth, incomes, well-being and opportunities. Against this background, it is essential that the G20 take a comprehensive and ambitious approach to address both the short-term imperative of reviving demand and boosting growth as well as the medium – to long-term perspective for a strong, sustainable, balanced and inclusive growth – which can be achieved by breaking new, innovative paths for growth and productivity.

By promoting efforts “towards an innovative, invigorated, interconnected and inclusive world economy”, the Chinese G20 Presidency is addressing these key challenges. Under its leadership, the G20 continues its efforts to reignite the traditional engines of growth such as investment and trade. But it is also leading efforts on the new drivers of growth, innovation and the digital economy and the new industrial revolution. China has also

stepped up the G20 structural reform agenda as a key priority, with immediate short-term reforms feeding into the longer-term agenda of rising potential growth. This point was highlighted by Gabriela Ramos, Chief of Staff and Sherpa, OECD, at the opening of this [OECD Forum 2016 session](#). She reminded the audience that according to the latest [OECD Going for Growth report](#), the structural and fiscal part of the equation is not being brought into the effort as much as monetary policies.

Looking further at the long-term policy challenges, the G20 also plays a critical role in maintaining the momentum on climate and development, following up on last year's successes. The Paris Agreement that countries reached at COP21 is historical with virtually all countries that have come on board agreeing to: limit global warming to well below 2°C and possibly 1.5°C, bring net emissions to zero by the second half of the century, increase the ability to adapt to inevitable climate change and lastly make finance flows consistent with a low-carbon climate resilient economy. Now, all countries must actively put in place the reforms needed to reach their commitments and the G20 should be at the forefront of these efforts. The adoption of the Sustainable Development Goals also represented a paradigm shift as it is critical for countries to accelerate their implementation of Agenda 2030.

John Evans, Secretary-General, Trade Union Advisory Committee (TUAC), outlined that whilst polls conducted among TUAC members suggest scepticism towards some of the G20's work, certain projects are perceived as extremely useful. These include the “25 for 25” gender target (the topic of [another Forum session](#)) and the target to reduce youth unemployment. He also stressed that it is the responsibility of groups such as the Labour 20 (L20) and Business 20 (B20) to take the G20 agenda and “translate it into something that makes a difference on the ground”.

Tunc Uyanik, CEO, World SME Forum, highlighted how the G20 can be a driving force in tackling global unemployment. From his perspective, supporting SMEs are essential in spurring job creation since SMEs make up 60% of total jobs in the world and contribute to 60% of global GDP. He argued that supporting SMEs will not come just from private sector engagement, and that SME development is a public-private partnership issue. Today, the World SME Forum – developed out of Turkey's presidency of the G20 – serves to foster continuity and accountability within G20 conversations, and to ensure that this issue remains a top priority.

At the start of this session, an audience poll asked whether attendees believed that the G20 agenda captures the major challenges

our societies are facing. Only 9% answered “yes”, with 45% responding “no” and 46% “don't know”. However, the same poll conducted at the end of the session reflected an evolution in views, with 59% responding “yes”, 36% “no” and 5% “undecided”. The shift in results points to the importance of such public discussions in communicating the work of the OECD and G20.

### Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_2182310b48bf82ab10e5dbcc05f98c26.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_2182310b48bf82ab10e5dbcc05f98c26.html)

### SPEAKERS

#### Moderator

**Francesco Guerrera**, Associate Editor, Chief Financial Correspondent, Politico

#### Introductory remarks

**Gabriela Ramos**, Chief of Staff & Sherpa to the G20, OECD

#### Speakers

**Erdem Basci**, Ambassador - Permanent Delegation of Turkey to the OECD

**John Evans**, Secretary-General, Trade Union Advisory Committee (TUAC)

**Tunc Uyanik**, CEO, World SME Forum

**Ambassador Carlos Marcio Cozendeyu**, Undersecretary General for Economic and Financial Affairs, G20 Sherpa, Brazil





# The Circular Economy

The idea behind a Circular Economy underscores the interconnectivity between the environment and economic activity, a way of maintaining resource efficiency and prolonging product lifecycle while creating little to zero waste. This approach is becoming critical, as an expected global population of 9 billion by 2050, including 3 billion middle-class consumers, means that future consumption demand will create unprecedented pressure on natural resources. The world's growing population must learn to do more with less. Many terms have been coined to describe the Circular Economy mindset, whether it is the "cradle to cradle" philosophy of restorative product development, the "closed loop" concept of a sustainable supply chain, or the 3R process of "Reduce, Reuse, Recycle." In a Circular Economy, materials will retain their value for longer, making design the most important part of the production process.

Resource efficiency improvements and the Circular Economy will also support climate mitigation objectives, as well as contributing to the implementation of a number of Sustainable Development Goals. Lord Nicholas Stern of the London School of Economics explained that we must start linking the ideas of climate responsibility and economic growth together. In order to stabilise temperature we must have net zero emissions. A Circular Economy would mean no waste and no emissions, but we currently have an antiquated view of what ownership

means, and must design new ownership and sharing structures in order to reach a zero waste target. We must also invest in sustainable infrastructure, especially as cities and urban areas continue to expand with growing populations.

Mari Pantisar, Director, Resource-wise and carbon-neutral society, SITRA, Finland, agreed that cities will play a key role in the transition towards a Circular Economy, as they serve as a platform for companies to come up with innovative solutions to responsible business practices. She discussed Finland's current road map to become a forerunner in bio economy, Circular Economy and clean tech through a focus on domestic renewable energy, clean transport and mobility, sustainable food chains, and the development of next generation bio products, which will become the backbone of Finland's economy.

Sharan Burrow, General Secretary, International Trade Union Confederation, expanded on the statements made by Lord Stern by detailing the correlation between the Circular Economy, the Sustainable Development Goals, and the carbon goals set by COP 21. She explained that if we were to commit to achieving these goals it would mean zero poverty by 2030 and zero carbon by 2050, but would require the largest industrial transformation and systemic change in history. From her perspective as a representative of workers and unions it is simple, there are no jobs on a dead planet.

While the concept of the Circular Economy refers primarily to closing material loops, from a broader perspective circularity is also relevant for sustainable management of natural resources, such as water. In this regard, corporations are beginning to pay particular attention to water usage and consumption. While water remains a major component of the industrial manufacturing process, water scarcity has grown into a global crisis. As an example of private sector initiative, Veolia has implemented a number of water preservation projects that include the following approaches: recycling, where water is treated and redirected back into the same loop and for the same use; reuse, where treated wastewater for beneficial purposes other than the initial use, such as cooling systems, boilers, process water, irrigation, cleaning or ground water recharge; and zero liquid discharge, which involves the total elimination of liquid waste discharge from a plant. Although such investments may be expensive for companies at the outset, Laurent Auguste of Veolia Environnement estimated that entering a Circular Economy would create EUR 1.8 trillion of net value for Europe by 2030. He stated that a Circular Economy is about forward thinking, and understanding that we are limited not only by scarcity of resources but also by scarcity of co-operation when it comes to our willingness to share best practices across governments, businesses, and society.

Policies that promote responsible behaviour are essential to creating a resource efficient economy, but the policies currently do not address the full product life-cycle and therefore do not provide a coherent set of incentives. There is significantly more emphasis on end-of-life management than on upstream waste prevention and material efficiency. In a world with global value chains and material consumption that is rapidly increasing in many emerging economies there is a need for strengthened international co-operation in this area. Diana Ürge-Vorsatz of the Central European University, Hungary, explained that a full social and economic transformation is necessary in order to fully enter into a Circular Economy. Currently, products are still designed around planned obsolescence, but a greater emphasis should be placed on durability rather than ease and efficiency. The challenge lies in the fact that today's economy is still based around consumer behaviour, where a high consumption index is considered to be reflective of confidence in the economy.

Co-ordinated leadership and co-operation at an international level is necessary to strengthen policies and enable an effective transition to a Circular Economy. Change has to be systemic in order for it to be sustainable.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_62b4c702a56a68a51b7328911c547999.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_62b4c702a56a68a51b7328911c547999.html)

## SPEAKERS

### Moderator

**Nick Clark**, Environment Editor, *Al Jazeera English*

### Speakers

**Laurent Auguste**, Senior Executive Vice President Innovation and Markets, Veolia Environnement

**Sharan Burrow**, General Secretary, International Trade Union Confederation

**Mari Pantisar**, Director, Resource-wise and carbon-neutral society, SITRA, Finland

**Nicholas Stern**, Chairman, Grantham Research Institute on Climate Change and the Environment; IG Patel Professor of Economics and Government and Director, India Observatory, London School of Economics, United Kingdom

**Diana Ürge-Vorsatz**, Director, Center for Climate Change and Sustainable Energy Policy (3CSEP), Central European University, Hungary

## Discussant

**Tuuli Kaskinen**, Executive Director, DEMOS Helsinki, Finland

## FURTHER READING

*OECD Environmental Outlook to 2050: The Consequences of Inaction*

[www.oecd.org/environment/indicators-modelling-outlooks/oecd-environmental-outlook-1999155x.htm](http://www.oecd.org/environment/indicators-modelling-outlooks/oecd-environmental-outlook-1999155x.htm)

*Aligning policies for a low carbon economy*  
[www.oecd.org/fr/gov/aligning-policies-for-a-low-carbon-economy-9789264233294-en.htm](http://www.oecd.org/fr/gov/aligning-policies-for-a-low-carbon-economy-9789264233294-en.htm)

*Material resources, productivity and the environment*

[www.oecd.org/environment/waste/material-resources-productivity-and-the-environment-9789264190504-en.htm](http://www.oecd.org/environment/waste/material-resources-productivity-and-the-environment-9789264190504-en.htm)

*Policy Guidance for Resource Efficiency*

[www.oecd.org/environment/policy-guidance-on-resource-efficiency-9789264257344-en.htm](http://www.oecd.org/environment/policy-guidance-on-resource-efficiency-9789264257344-en.htm)



# Trade & Investment

In past decades, international trade and investment have been key drivers of global growth and economic convergence. Overall, the ability to trade and attract cross-border investments has promoted innovation, contributed to better-quality jobs and a smaller informal sector, and ultimately reduced disparities amongst countries worldwide. In this [OECD Forum 2016 panel](#), Lenita Toivakka, Finland's Minister for Foreign Trade and Development, even noted that in Finland, one clear benefit of trade liberalisation has been the evolution of women's economic empowerment.

However, trade can and does have other effects. Innovation and competition bring disruption and churn, and workers and firms can be displaced. When this happens as a result of trade, lower-skilled workers tend to bear the brunt. For instance, in some OECD countries, there is a widening gap between the incomes of the skilled and technology-savvy and individuals with lower skill levels. And in developing and emerging countries, trade has to be "done right" for working conditions to improve. This was clearly on the mind of Vice Minister Virasakdi Futrakul of Thailand, who asked whether we can develop guidelines for socially responsible free trade agreements.

Foreign direct investment (FDI) is also a complex issue. Inward FDI creates jobs, because foreign companies rely on the local workforce, but the new competition can increase wage pressure on existing domestic firms. Moreover, foreign firms

are seen as at-risk of leaving, which can ultimately result in job losses. Outward FDI has become increasingly controversial, fuelled by suspicions that domestic firms are seeking lower labour costs abroad. Both Vice Minister Futrakul and Alberto Salas-Muñoz, President, Confederación de la Producción y del Comercio (CPC), Chile, discussed the importance of investment for long term gains and how growth cannot be the sole aim.

Despite a lack of clear empirical evidence that trade and investment have negatively affected employment and wages overall, public perception of their effects has become increasingly negative in many countries, with trade taking the blame for the complex combination of factors putting pressures on jobs and salaries. The reason for this is easy to explain – the benefits of international trade and investment tend to be long term and diffused, but trade-induced losses can be immediate, sharp and geographically concentrated – but the solutions that will build support for trade's benefits are hard to pin down.

The panelists agreed that communication is key to building confidence and support. Costa Rica's Trade Minister, Alexander Mora, pointed out that trade criticisms, right or wrong, should be dealt with, stressing that governments should work diligently and share experiences to elaborate a better, clearer message to inform the public about the benefits of trade and investment. Lilliane Ploumen, Minister for Foreign Trade and

Development Cooperation, the Netherlands, spoke about the need to demystify trade language and trade negotiations, so everyone can take part in the debate in an informed way. Todd McClay, Minister of Trade, New Zealand, underscored these comments, stating that governments need to find better ways to engage and talk about trade – not just taking defensive positions about job losses, but finding "offensive opportunities" for job creation.

At the beginning of the session, the audience was asked whether they thought trade was good was for them. Of responding audience members, 89% voted "yes".

**Watch the webcast:**  
[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_92beb1b8ca855818bde83a5d957ff802.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_92beb1b8ca855818bde83a5d957ff802.html)

## SPEAKERS

### Moderator

**Cyrille Lachèvre**, Macroeconomics Reporter, L'Opinion, France

### Speakers

**Virasakdi Futrakul**, Vice Minister for Foreign Affairs, Thailand

**Todd McClay**, Minister of Trade, New Zealand

**Alexander Mora**, Minister of Foreign Trade, Costa Rica

**Lilianne Ploumen**, Minister for Foreign Trade and Development Cooperation, The Netherlands

**Alberto Salas Muñoz**, President, Confederación de la Producción y del Comercio (CPC), Chile

**Lenita Toivakka**, Minister for Foreign Trade and Development, Finland

### Discussant

**Anabel Gonzalez**, Senior Director, Global Practice on Trade and Competitiveness, World Bank; former Minister of Foreign Trade Minister, Costa Rica





# Income, Wealth & Tax

For several years now, the media have been highlighting how multinational corporations with turnovers in the billions pay little or no tax in the countries where they make their profits and whose infrastructures, public services and even government grants they take advantage of. Recently, the so-called *Panama Papers* revealed that rich and powerful individuals are hiding their money in offshore accounts.

As Pravin Gordhan, Minister of Finance, South Africa, put it at the start of this session, “The central issue is how the 3Ps – *Panama papers*, Piketty, Pascal Saint-Amans – have changed the tax debate.” Brooke Harrington, Associate Professor, Department of Business and Politics, Copenhagen Business School, Denmark, is the author of a forthcoming book, *Capital without Borders*, which focuses specifically on the world of wealth managers. She offered insights into her book during a “Meet the Author” session during the Forum and in a [Yearbook article](#), as well as during this panel session, in which she warned, “Tax avoidance is only the tip of the iceberg. I would rather speak of law avoidance.”

These stories come at a time when the gap between rich and poor is at its highest level in 30 years in most countries. In the OECD area, the richest 10% of the population now earn 9.6 times the income of the poorest 10%. In the 1980s, this ratio stood at 7:1, rising to 8:1 in the 1990s and 9:1 in the 2000s.

Income inequality is only part of the story.

Wealth is much more concentrated than income: on average, the wealthiest 10% of households hold half of total wealth; the next 50% hold most of the other half; while the remaining 40% of the population own only around 3% of the wealth. As Pascal Saint-Amans, Director, Centre for Tax Policy and Administration, OECD put it, “In English, you say ‘high net-worth individuals’. In French we would say ‘les Riches’. You are putting some glossy cover to hide the reality of the high level of inequalities”.

The sentiment of injustice that this situation arouses is fuelling the rise in populism and blame-based politics. It also damages the social contract because inequality also has economic costs. The rise of income inequality between 1985 and 2005 knocked 4.7 percentage points off cumulative growth between 1990 and 2010 on average across OECD countries for which the relevant data are available. The key driver is the growing gap between poorer people – the bottom 40% of households – and the rest of the population.

Inequality damages growth through its impact on investment in education and skills. While those from more advantaged backgrounds generally do better in the education system, the gap widens in high-inequality countries because people in disadvantaged households struggle to get access to quality education. This wastes their potential and lowers their social mobility, while those who can afford the best education get the best jobs. As Richard Trumka, President, American Federation of

Labor-Congress of Industrial Organizations (AFL-CIO); Trade Union Advisory Committee to the OECD argued, “We need to create a virtuous cycle of raising wages and raising public investment.”

Given that tax evasion takes wealth out of the economy where it is created and that income inequality damages growth, it seems obvious that an efficient system of taxes and transfers would be in the interest of the vast majority. However, nationally-based tax systems are inadequate to deal with international financial flows. The OECD-G20 BEPS project equips governments with the domestic and international instruments needed to tackle the issues. Tax systems are being reformed to match 21<sup>st</sup> century challenges. Effective Exchange of Information (EoI) between countries is a central aspect of international tax co-operation, allowing governments to better tax capital and capital income, but also raising questions about (re)introducing wealth taxes and inheritance duties. The effectiveness of redistribution needs to be examined too, especially in countries where working-age benefits have not kept pace with real wages, and taxes have become less progressive.

## Watch the webcast:

[http://webcastcdn.viewontv.com/client/oecd/forum2016/video\\_77cb293fdc8111cb5b86ae1a1005210e.html](http://webcastcdn.viewontv.com/client/oecd/forum2016/video_77cb293fdc8111cb5b86ae1a1005210e.html)

## SPEAKERS Moderator

**Oleksandra Vakulina**, Host, Business line, Euronews

## Speakers

**Pravin Gordhan**, Minister of Finance, South Africa

**Brooke Harrington**, Author and Associate Professor, Copenhagen Business School, Denmark

**Pascal Saint-Amans**, Director Centre for Tax Policy and Administration, OECD

**Richard Trumka**, President, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO); Trade Union Advisory Committee to the OECD

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