New Challenges, New Approaches

by

Angel Gurría,
OECD Secretary-General

The year 2015 was a landmark year for international co-operation, with a transformative agreement on a set of universal Sustainable Development Goals (SDGs) in New York and the Paris Agreement at COP21 marking a decisive turning point in our response to climate change. Both agreements make a strong call for a more sustainable development path, a new growth model that benefits all people and that takes care of the environment.

In the midst of these hopeful developments, however, the world economy shows little sign of making a full recovery from the crisis. In addition, geopolitical uncertainty is rising – witness the refugee crisis in Europe, the old and new points of conflict in the Middle East, and the terrorist threat that has manifested itself so tragically in Paris, Brussels and elsewhere.

This generalised turbulence makes it very hard for our economies, our governments and our societies to chart the way for a sustained recovery from the legacies of the crisis.

So we have a lot to do. We need to capitalise on the new international resolve epitomised by the agreement on the SDGs and make a renewed effort to promote new policy thinking and new approaches to face the great challenges ahead of us. Responding to new challenges means we have to adopt more ambitious frameworks, design more effective tools, and propose more precise policies that will take account of the complex and multidimensional nature of the challenges.

The goal is to develop a better sense of how economies really work and to articulate strategies which reflect this understanding. A fundamental reflection is required on the changing nature of the economy which conventional analyses struggle to explain.
This is why we launched the New Approaches to Economic Challenges (NAEC) exercise. With NAEC, we are asking hard questions and challenging our assumptions and our understanding about the workings of the economy. We are transforming our ways of thinking and acting with respect to the economy, the environment and society as a whole system. NAEC is having an impact on OECD analytical work, data collection, and policy advice. It has strengthened integrated analysis and led to the adoption of new policy tools and approaches. We are doing better at using smart data and behavioural insights. We are also progressing in our understanding of complexity and systems thinking.

One of the main outcomes of the NAEC initiative, capitalising on OECD work on social issues and quality of life, has been to place inclusive growth at the heart of our analysis. Well-being, inclusiveness and sustainability are influencing economic surveys and other core work.

Slowing productivity, together with rising inequality, remains among the most important issues facing our societies. But we must understand that higher productivity is only a necessary, and not a sufficient, condition for raising living standards. That productivity must be “inclusive”. This new approach to productivity, as with all new approaches, is not easy to design. We are deliberately challenging entrenched thinking, experimenting with new ideas. And we won't always get it right first time around.

This book summarises opinions from inside and outside the Organisation on how the NAEC initiative can contribute to achieving the SDGs, and describes how the OECD is placing its statistical, monitoring and sector analytical capacities at the service of the international community. The authors also consider the transformation of the world economy that will be needed. This requires an understanding of the long-term “tectonic shifts” that are affecting people, the planet, global productivity, and institutions, because the interplay of these shifts can have profound consequences for the success of our
efforts. Policy linkages, trade-offs and complementarities are being better appreciated so that economic, social and environmental challenges can be tackled in integrated and coherent ways to achieve multiple goals simultaneously.

To meet the SDGs, we need to find new ways of addressing our current challenges and to seize the opportunities that the future offers us. The year 2015 was crucial for moving forward the development, environment, and trade agendas. With the ideas and the tools emerging from the NAEC initiative, we hope to continue our progress on the design, development and implementation of better policies for better lives.