MAKING GLOBALISATION WORK FOR ALL: POLICY RESPONSES AND THE ROLE OF MULTILATERALISM

OECD

MEETING OF FEDERAL CHANCELLOR DR. ANGELA MERKEL WITH THE HEADS OF INTERNATIONAL ORGANISATIONS

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Trade interdependence has increased

Global export and imports

% of global GDP

Financial integration is significantly deeper

International financial assets and liabilities

Further multilateral tariff cuts would bring global benefits

Percentage difference from baseline for imports and exports
Effects of a reduction in tariff levels in the G20 economies to the lowest level applied across them for each sector

Migration is an important facet of globalisation

Foreign-born as a % of total population, 2017

Source: OECD (2018), OECD International Migration Database.
Knowledge circulation is more interconnected

Whole counts of internationally co-authored documents

2006

2016

Pace of global technology diffusion is unprecedented

Internet users per 100 inhabitants

Source: International Telecommunications Union.
Yet technology diffusion does not happen equally across firms, which requires well-governed markets.

Multifactor Productivity level (in logs) of Frontier and Laggard Firms in ICT services, normalized to 2001 = 0

And labour productivity growth has slowed down

Lowering regional productivity dispersion would narrow differences in regional incomes

**Coefficient of variation (standard deviation / mean) across regions, 2014 or latest available**

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**Source:** OECD (2017), "Regional Economy", OECD Regional Statistics database.
Socio-economic status is an important driver of education performance

Percentage of variation in PISA performance explained by students’ and schools' socio-economic status, average of four subjects

Globalisation has coincided with a large fall in extreme poverty around the World

% of the population living on less than USD 1.90 a day (2011 PPP)

Source: World Bank (2018), Poverty and Equity Database.
While income inequality has risen, especially at the top

Global inequality and cumulative real income growth, 1980–2016

Taxes and transfers systems have become less progressive

Change in redistribution for the working-age population, mid-1990s to 2014 or latest available

Ensuring the right skills is key to adapt to labour market transformation

Percentage point change in share of total employment, 1995 - 2015

Lifelong learning should focus on immigrants, less educated and older workers

Literacy score-point by socio-demographic groups, OECD Survey of Adult Skills (PIAAC)

Non-standard forms of employment provide flexibility but could also challenge job quality

Gender pay gaps should be addressed more decisively.

Gender gap in median monthly earnings, 2015 or latest

Addressing global warming requires international coordination.

Global average temperature, difference from the 1961 to 1990 average

Policy action is also needed to reduce air pollution

OECD and BRIICS, the cost of premature deaths from outdoor air pollution, trillion USD

OECD framework for inclusive growth is a coherent policy response to make globalisation sustainable

Policy recommendations for inclusive growth

**Investing in people and places left behind**

- Promoting life-long learning and acquisition of skills
- Increasing social mobility
- Improving health and enhancing access to affordable housing
- Promoting regional catch-up
- Investing in communities’ well-being and social capital

**Supporting business dynamism and inclusive labour markets**

- Boosting productivity growth and business dynamism, while ensuring adaptation and diffusion of technologies across the board – in particular for small and young firms
- Achieving inclusive labour markets
- Optimising natural resource management for sustainable growth

**Building efficient and responsive governments**

- Embedding inclusiveness in policy-making
- Using data and smart technologies to design citizen-centred policies
- Screening policies for inclusiveness and accountability
Multilateral solutions: the role of the OECD

Broadening adherence to and effective implementation of international standards to level the global playing field

• Common Reporting Standard for the Automatic Exchange of Tax Information
• G20/OECD BEPS for a globally fair, modern and transparent international tax system
• Anti-Bribery Convention
• Codes of Liberalisation of Capital Movements
• Principles of Corporate Governance
• Due Diligence Guidance for Responsible Business Conduct
• Arrangement on Officially Supported Export Credits

Global coordination of policies

• Global Forum on Steel Excess Capacity
• Global Forum on Digital Security for Prosperity
• Further strengthening cooperation and coherence among IGOs including on the SDGs

Providing evidence-based analysis and addressing emerging issues

• Analytical work on trade (GVCs, TiVA, trade facilitation, services, illicit trade), investment, competition
• Going Digital initiative
• Principles underpinning the development, adoption and trust in AI
• Impact of digitalisation on the international tax system