



# Averting Systemic Collapse

## Draft Agenda

17-18 September 2019

OECD Conference Centre, Paris, CC6

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## Averting Systemic Collapse

The New Approaches to Economic Challenges (NAEC) Initiative, established to distill the [lessons from the Global Financial Crisis](#) has suggested that a new crisis could emerge suddenly, from many different sources, and with potentially harmful effects. OECD Member and Partner countries are confronting multiple challenges that can only be addressed through effective analytical, governance and policy approaches. This Conference will discuss these approaches to better understand and respond to the interconnections between financial, economic, environmental and societal systems. While policymakers generally focus on how to harden components of these systems affected by specific threats, such approaches do not often address cascading effects. Notably, this includes systemic risks, which result from the threat that individual failures, accidents, or disruptions present to a system through the process of contagion.

Systemic threats are a particular challenge to governments due to their stochastic and relatively low frequency nature. This means that the likelihood of systemic or cascading effects that are difficult to model and analyse with traditional tools of economic analysis. Such cascades, if not mitigated or checked, have the capability of triggering systematic degradation or collapse from which it is difficult or impossible to fully recover. When they emerge, systemic threats have the potential to completely and irreversibly disrupt the original configuration of a given system – replacing it with something altogether new, albeit significantly degraded.

This conference will explore the latest scientific findings and policies on the extent to which stressed and strained complex systems could be placed on a sounder footing through strengthened buffers, safeguards and systemic resilience. Discussion will be centred on new approaches to economic theory and policy, new tools and techniques to understand systems and strategies to address systemic threats. A variety of new approaches to environmental, social and economic issues will be explored. The debates will be enriched by the contributions of experts from a range of disciplines, including economics, political science, engineering, physics, and biology.

### Tuesday 17 September

#### 9:30 – 10:00 Opening remarks

[Gabriela Ramos](#), OECD Chief of Staff and Sherpa

[Laurence Boone](#), OECD Chief Economist

[Martine Durand](#), OECD Chief Statistician

#### 10:00 – 12:00 Session 1: Beyond Growth: Towards a New Economic Approach

Moderator: [Gabriela Ramos](#), OECD Chief of Staff and Sherpa

Speakers:

- [Michael Jacobs](#), Professorial Research Fellow in the Sheffield Political Economy Research Institute (SPERI) and principal author of the report of the Secretary-General's Advisory Group
- [Dennis J. Snower](#), Founder and President, Global Solutions Initiative
- [Mariana Mazzucato](#), Professor of Innovation and Public Value at University College London (UCL) and Director of the Institute for Innovation and Public Purpose
- [Rachel Griffith](#), President of the Royal Economics Society, Professor of Economics at the University of Manchester and Research Director of the Institute for Fiscal Studies (IFS) in London

Discussants:

- Konrad Pesendorfer, Chair of the Committee on Statistics and Statistical Policy (CSSP)
- Manfred Schekulin, Chair of the Investment Committee (INV)



## Questions for discussion

1. The report claims that, though modified and improved, policymakers are essentially still operating with the pre-crisis economic model and its accompanying forms of policy. Is a paradigm change in economics and economic policy needed?
2. Does your government or Committee agree with the new set of goals and measures of economic and social progress proposed by the report?
3. How can the new frameworks of economic analysis discussed by the report be practically utilised by policymakers?
4. Which of the policy approaches suggested by the report deserve further exploration by the OECD? Which do not?

*Publication: Report of the Secretary General's Advisory Group on a New Growth Narrative: [Beyond Growth: Towards a New Economic Approach](#) [SG/NAEC(2019)3]*

## 12:00 – 13:00 Session 2 : New Analytical Tools and Techniques to Understand Systems

Moderator: [Laurence Boone](#), OECD Chief Economist

Speakers:

- [Marc Mézard](#), Director of the Ecole normale supérieure
- [Jean-Philippe Bouchaud](#), Chairman, Capital Fund Management (CFM) and Rebuilding Macroeconomics
- [Alan Kirman](#), Chief Advisor to the NAEC Initiative

## Questions for discussion

1. To what extent are new analytical tools and techniques needed?
2. What potential do these tools particularly agent-based modelling and machine learning hold and what are their applications?
3. What experience has your government or Committee had in developing new methodologies and tools or taking advantage of big and smart data?
4. How can the NAEC Initiative help to upgrade OECD's analytical capabilities?

*Publication:*

*Update report on the work of NAEC in advancing [New Analytical Tools and Techniques to Better Understand Systems](#) [SG/NAEC(2019)6]*

13:00 – 15:00 Lunch

## 15:00 - 17:30 Session 3 : Systems Thinking, Anticipation and Resilience: Averting Systemic Collapse

Chair: Martin Lees, Chair of the OECD-IIASA Task Force on Systems Thinking, Anticipation and Resilience

15:00: Keynote speaker: [Angel Gurría](#), OECD Secretary-General

- [Albert van Jaarsveld](#), Director General and Chief Executive Officer, International Institute for Applied Systems Analysis (IIASA) (TBC)
- [Doug Erwin](#), Senior Scientist and Curator of Paleobiology at the National Museum of Natural History of the Smithsonian Institution, and Santa Fé Institute
- [Jean-Marc Jancovici](#), Co-founder and Partner of [Carbone 4](#), Associate Professor at École nationale supérieure des mines de Paris
- [Barry C. Lynn](#), Executive Director, Open Markets Institute



- [Igor Linkov](#), Risk and Decision Science Team Lead, US Army Engineer Research and Development Center and Adjunct Professor, Carnegie Mellon University

Discussant :

- [Susanna Moorehead](#), Chair of the Development Assistance Committee (DAC)
- [Svein Gjedrem](#), Chair of the Economic and Development Review Committee (EDRC)

### Questions for Discussion

1. What is the potential of systems approaches to transform policy analysis to address the challenges of the 21<sup>st</sup> Century?
2. What are the mechanisms and dynamics of systemic collapse?
3. How fragile are the connections between different systems? How could these be disrupted? How could such disruptions lead to a catastrophic breakdown? What would the costs associated be and for whom?
4. What should governments and public policy do to avert systemic collapse?
5. What are the governance mechanisms and analytical approaches to improve systemic resilience?

Publications:

IIASA-OECD publication: [Systemic Thinking for Policy Making - The Potential of Systems Analysis for Addressing Global Policy Challenges in the 21<sup>st</sup> Century](#) [SG/NAEC(2019)4]

NAEC Report on [Resilience Strategies and Approaches to Contain Systemic Threats](#) [SG/NAEC(2019)5]

17:30 – 18:00	<b>Session 4: Remarks from Committee Chairs and Ambassadors</b>
18:00	Cocktail (George Marshall Room)

## Wednesday 18 September

9:30 – 10:00	<b>Opening remarks</b>
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Keynote speaker: [Angel Gurría](#), OECD Secretary-General

10:00 – 12:30	<b>Session 5: New Approaches to Environmental Challenges</b>
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Chair: [Leslie Harroun](#), Director, Partners for a New Economy

Speakers:

- [Steve Keen](#), Professor and Distinguished Research Fellow at the Institute for Strategy, Resilience & Security (ISRS) of University College London
- [Jean-Marc Jancovici](#), Co-founder and Partner of [Carbone 4](#), École nationale supérieure des mines de Paris
- [Francois Lafond](#), Senior Research Officer, Institute for New Economic Thinking, University of Oxford
- [Sony Kapoor](#), Managing Director Re-Define

Discussants:

- [Lučka Kajfež-Bogataj](#), Chair of Agrometeorology, Agricultural Land Management, University of Ljubljana
- [Rodolfo Lacy](#), Director of the OECD Environment Directorate



## Questions for Discussion

1. How serious is the climate crisis and what are the prospects of a wider systemic ecological collapse?
2. What are the shortcomings of current modelling and policy in facing the complexity of environment breakdown and its interlinkages with the economy?
3. How should the climate crisis transform our understanding of growth, innovation and the goals of economic policy?
4. What are the politics of responding adequately to the climate and environmental emergency? Can it be done?

12.30 - 14:00 Lunch

## 14:00 – 16:00 **Session 6: New Approaches to Social Challenges**

Moderator: [Kenneth Swinnerton](#), Chair of the Employment, Labour and Social Affairs Committee (ELSAC)

Speakers:

- [Mark Blyth](#), Political Economist, Watson Institute, Brown University
- [Rachel Griffith](#), President of the Royal Economics Society, Professor of Economics at the University of Manchester and Research Director of the Institute for Fiscal Studies (IFS) in London

Discussants:

- [Michael Jacobs](#), Professorial Research Fellow in the Sheffield Political Economy Research Institute (SPERI) and principal author of the report of the Secretary-General's Advisory Group

## Questions for discussion

1. How could the understanding of inequality be improved by considering its complex drivers?
2. How should the interlinkages between the social and economic systems be approached?
3. How do societies break-down? What is the role of economic policy?
4. How can social resilience be strengthened?

## 16:00 - 17:30 **Session 7: Understanding the New Economy**

Moderator: [Megan Greene](#), Senior Fellow at Mossavar-Rahmani Center for Business and Government at the Harvard Kennedy School

Speakers:

- [Barry C. Lynn](#), Executive Director, Open Markets Institute
- [Dennis J. Snower](#), Founder and President, Global Solutions Initiative
- [William White](#), Economist, former Chair of the Economic Development Review Committee (EDRC)

Discussants:

- Andràs Hlács, Vice-Chair of the Committee on Digital Economy Policy (CDEP)
- Thierry Lange, Chair of the Committee on Industry, Innovation and Entrepreneurship (CIIE)

## Questions for discussion

1. Do you believe the economy and the way it works has fundamentally changed due to the forces of digitalisation and globalisation?
2. What is the role of superstar firms in the new economy? How could approaches to competition policy be revised to deal with anti-competitive practices?



3. Is there increasingly a trade-off between efficiency and resilience? How could the resilience of the economic system be improved?

17:30

### Closing remarks

[Irena Sodin](#), Ambassador to the OECD, Permanent Representative of Slovenia

[Erdem Basci](#), Ambassador to the OECD, Permanent Representative of Turkey

[Gabriela Ramos](#), OECD Chief of Staff and Sherpa

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