

POSSIBLE AIA/NAEC SEMINAR

"A WORLD FIT FOR THE RISING GENERATION"

Issues Paper by Ron Gass

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I°) INTRODUCTION - A DIVIDED BUT INTER-CONNECTED WORLD

Ever since the Western Enlightenment the relationship between science, economics and political theory has inspired the art of government, that is to say so-called "policy making". In the wake of the Great Depression of the 1930's, the World War II mobilization of scientific and economic resources for military ends, and the post-war reconstruction of Europe as a bulwark against Soviet expansionism, macro-economics has emerged as the dominant policy science. Under the hegemony of macro-economics, now propelled by technologies which aspire to "connect" the world into a single system, so-called "globalisation" has become the focal point of a divisive political debate.

On the one side there are those who see the return to territorially-based nationalism as the response to problems of those "left behind" by the globalization process; on the other, the advocates of new multi-lateral rules of the game that will humanize the process of adjustment (see the AIA/NAEC Seminar on *Jobs, Technology and Trade – the New Nexus*). This clash is spelt out in the book by Pascal Lamy and Nicole Gnesotto "*Où va le monde? – Le Marché ou la Force?*" (Odile Jacob, 2017), which calls for a realignment of geo-politics and geo-economics.

What tends to be overlooked in this debate is that both geo-politics and market fundamentalism are constrained -- and on occasions challenged -- by people power in an inter-connected world society in which ideas and people, as well as products and services, cross frontiers. Although a world society in the sense of political institutions is still a dream, civic society is producing a groundswell of grass-roots initiatives -- including local projects, NGO's, social movements such as altermondialism, and political parties such as Podemos. As Edgar Morin has analyzed in "*La Voie - Pour l'avenir de l'humanité*" (Fayard 2011), global interdependence is bringing the top and the bottom of politics together, and civil society into the political arena. People power, inside and outside the ballot box, is likely to be the arbiter between geopolitical force and the realities of the market.

Inside the OECD the same forces are at work under the heading of the disaggregation of policy frameworks" (see the NAEC Seminar on *The New OECD Growth Paradigm*). The many OECD Global Networks include local

and regional government agencies and civic society institutions. The PCSD "movement", energized by the wide appeal of the SDGs, is harnessing all levels of government, academia, and the NGOs; and the annual OECD Forum and OECD Week are the showrooms of these new partnerships, this year with the slogan of "*Bridging Divides*".

II°) THE ROLE OF YOUTH IN A WORLD OF PERMANENT CHANGE

All the above suggests that a new model is emerging as governments, enterprises, the civic society and individuals develop strategies to cope with continuing radical change. On the economic side, growth is dependent on the rapid incorporation of knowledge into new products and processes -- this is the process of "creative destruction". Industrial, technological and scientific policies are driven towards competitiveness based on innovation, around which "concept" national "systems" are organised. Both management and the labour force have to be creative as well as flexible, resulting in new forms of work organisation and active labour market policies which seek to reconstruct the skills of the work force as technology makes them obsolete. Social protection, historically conceived as entitlements to cope with the risks of loss of income, has to evolve into the more positive stance of helping people to sustain their economic role in the face of change. Education and training systems, which were designed to launch people on a life-time career, now have to instil the capacities to cope with continuing change and to reconstruct human capital at several points in the life-cycle.

The above vectors of change are not fortuitous. They form part of a new socio-economic logic in societies which must innovate in all parts of the system -- economic, social and political -- if they are to maintain leadership in a competitive, globalised world. On the socio-economic front, the key concept is innovation. On the political front, the key concepts are democratic participation, decentralization, deconcentration, and devolution. The two are related and imply a new relationship between government, the civic society and the citizenry.

In this world, entrepreneurship in the classical sense of securing new business opportunities is becoming more widespread, but it is also spreading to other activities. As the pace of change accelerates, the values associated with

entrepreneurship -- initiative, risk-taking, creativity -- penetrate all sectors of life, including basic education for the rising generation. The paradox is that security, which is as necessary as change, can only be sustained if countries succeed in creating an entrepreneurial population.

This is where the role of youth comes in. The perception and the reality of youth's position in the OECD world has changed radically as the post-World War II decades have rolled on. Today, the political slogans turn around globalisation, innovation and massive social and economic change, but the notion of youth as the initiator of change, an essential component of modernity, appears to have been lost. Youth has become a 'problem'; in the economic field often unemployed or even 'unemployable'; in broader social terms, sometimes conformist, sometimes delinquent.

It will help if we put the youth 'problem' in its historical context. In the decades immediately after World War II, the necessary reconstruction of both physical and human capital created a world in which there were plenty of opportunities for youth. The appearance of a 'youth culture' symbolized a world of expanding opportunities in which young people challenged the established system. Thus, the events of May 1968 signified a revolt against the idea that youth was simply a factor of production in a capitalist economic system and a consumer in society (OECD Royaumont Conference 1969). But the onset of high unemployment in the early 1980's brought an end to the golden decades of the 60's and 70's, and ushered in a sharp change in the attitudes of young people and of society's vision of them. Some years later, an OECD review of surveys of youth attitudes in OECD countries showed the broad thrust of the shift: first, a return to the shelter of the family, a phenomenon which has deepened throughout the prolonged period of slow growth; second, a return to the notion that education should be job-oriented, which was a break with the idea that education was mainly concerned with the flowering of individual talent (*Education and Work -- the Views of the Young*, OECD, 1983).

The slowing-down of economic growth and the shrinking of job opportunities led to a fierce competition between individuals and families to succeed in the transition from school to scarce job opportunities. Educational policy was increasingly influenced by the German 'apprenticeship' model, in which young people make an early transition to the world of work. Labour market policy invested heavily in so-called 'active' labour market policies to get

young people into or back to work. Economic policy hammered the need for labour market flexibility including reducing the costs to employers of getting young people into the economy. Little attention, however, was paid to the reality that youth's position in the economy and society had changed radically, and that one of the key questions is now 'transition to what?'

The simple answer to this question is that, whereas their fathers and forefathers made the transition to a world of stable and clear, even if unequal, trades and professions, the present generation is moving into a world of occupational quick-sands and volcanoes. Already, in 1985, in its report on *'Becoming an Adult in Modern Society'*, the OECD had noted the disappearance, because of international economic competition, of many of the tradition 'entry' jobs for young people. In 1999, in its background report for the OECD conference on *'Preparing Youth for the 21st Century'*, the OECD Secretariat reached the sombre conclusion that 'despite a decline in the relative numbers of youths and the proliferation of programmes aimed at young people in the past two decades, their employment and earnings position has worsened, in some countries substantially' (DEELSA/ELSA/ED/CERI/CD(99)1, p. 40).

It is in this context that the question of youth entrepreneurship becomes vital. If modern economies need to be based on a culture of entrepreneurship, as leading politicians now assert, it is obvious that to exclude youth from that culture is asking for trouble. On the contrary, policies should be directed towards facilitating and encouraging the natural disposition of youth for innovation and change, and the contemporary shift in youth culture towards 'doing your own thing'.

III°) THE FIGHT AGAINST INTER-GENERATIONAL INEQUALITIES

The above move towards an entrepreneurial youth culture will be blocked if the rising generation faces structural obstacles to initiative and leadership. This is the message delivered by Mark Zuckerberg, the founder of Facebook, on behalf of his generation: "Together, let us redefine equality of opportunity" (*Le Monde*, 28th May, 2017). He is obviously sending out a political message on behalf of his American generation, and he sees the initiative coming from local communities rather than the national or international level.

What is clear is that intergenerational inequalities are widening because market-based societies across the world are "growing unequal" (see "*Growing Unequal? – Income Distribution and Poverty in OECD Countries*", OECD, 2008). Obviously, market-based capitalism cannot function without a hierarchy of rewards in terms of primary income distribution and wealth accumulation. The answer of democratic societies is to redistribute income and wealth without destroying the "animal spirits" of the entrepreneurial class. John Rawls ("*A Theory of Justice*", 1971) maintained that such inequalities were justified as long as the hierarchy of positions were open to all, including the disadvantaged. Hence the meritocracy, based on social mobility, is an essential pillar of liberal democracy. The contemporary dilemma is that income and wealth disparities are growing at the same time that the rungs of the social ladder are disappearing. In the words of the 2017 OECD Conference on *The Only Way is Up? Social Mobility and Equal Opportunities*: "The policy attention has begun to shift towards the lack of opportunities and the transmission of (dis)advantage. The accumulation of disadvantage from one generation to the next impinges on the idea of social justice because it violates the principal that everyone deserves economic, political and social rights and opportunities".

The sombre truth that seems to be emerging is that of a societal divide between those who gain access to tertiary education and those who do not. This bifurcation between the high road and the low road of life chances is entrenched in the post-compulsory education and training system: between the vocational and the higher education route. Never the twain shall meet. Those who take the high road are favoured by family background (PISA), and have greater access to life-long learning opportunities (PIAAC). For those who take the low road of vocational education and training there is little chance of getting back onto the higher education route.

The strategy for the future seems to lie in re-throwing the dice of opportunity at various points in the life cycle: second chance opportunities in education and training; and the redistribution of lifelong learning opportunities. This would imply that enterprises, and not only the schools and the state, would need to engage in the battle for equality of opportunity. They are doing it for women, so why not for youth?

The vital question is whether the Knowledge-Based Economy, already in swing, will force such a development. The Issues Paper for the *OECD High-Level Policy Forum on the New OECD Jobs Strategy* (June 2017) seems to be clear on this point: “Countries will need to [...] give all workers the opportunity to continuously maintain their skills, up-skill and/or re-skill throughout their working lives” “Thus, policy has a role to play not only in adapting to, but also shaping the future of work and its impact on inequality (p.12)”.

Roberto Unger (NAEC Seminar, May 2017) goes further. He sees knowledge-based innovation, because it disrupts the economies of scale and the territorial concentration of production, as penetrating to the grass-roots of the economy and society. For him, as for Edmund S. Phelps (NAEC Seminar, 31st May 2017), widespread innovation at the grass-roots is the key to lifting the level of economic growth and reducing inequalities – not the Silicon Valley giants but small-town America (Phelps); not the isolated vanguards of high-tech, but the SME’s and civil society (Unger).

Both see the transformation of education as one of the keys to success: towards analytical, problem-solving capabilities rather than information glut; towards creativity rather than bespoke skills; towards dialectical, contradictory, presentation of subjects, rather than doctrine. In other words, it is necessary to prepare children for a world of permanent change – with great opportunities, but also with greater risks.

Thus, much more is at stake than providing children and adults with digital skills. The 2017 OECD Report on The Next Production Revolution makes this quite clear: “Digital skills, and skills which complement machines, are vital. Also important is to ensure strong generic skills – such as literacy, numeracy and problem solving – throughout the population, in part because generic skills are a basis for learning fast-changing specific skills” (p. 16).

So, what are these generic skills needed to navigate successfully in an uncertain future? PISA has gone a good part of the way by putting the accent on problem-solving – on “know-how” as well as “know what”. The next step could be to incorporate “know why” into the school curriculum and life-long learning. According to the *OECD Report on Global Competency for an Inclusive World*, 2017, (p. 2): “Each learner should strive to achieve a small set

of key competencies, such as the competency to act autonomously. A competency is the ability to mobilise knowledge, skills, attitudes and values, alongside a reflective approach to the processes of learning, in order to engage with and act in the world”.

This would lay the foundations for an entrepreneurial culture.

IV°) NEW FREEDOMS OR “BIG BROTHER”?

This socio-economic concept of entrepreneurial culture raises the old-age question of the conflict between individual freedoms and social equality, and therefore connect with the history of political ideas. Liberalism, anarchism and communism – and even humanism – all turn around this fundamental question. Given the technological frontier of today, and the future which is just around the corner, the exponential explosion of information about individual behaviour (big data) and digital power to analyse it (with quantum computers on the horizon), it is not surprising that Orwell and Machiavelli are back in the public debate.

The first question that has to be dealt with is whether an entrepreneurial culture will leave more people behind – will equality be sacrificed to liberty? It cannot be denied that the rising generation is expressing a social demand for new ways of working, for example self-employment, the start-up movement and the resilient social economy. But the new entrepreneurs do not come to the market with inherited capital with which to employ wage labour. The whole sense of the OECD ILE (now LEED) programme is that the budding entrepreneurs need to be empowered by public policy if they are to take the plunge and survive. Thus, an empowering state should democratise entrepreneurship, not excluding disadvantaged youth. The key is access to initial capital. That is why Sir Tony Atkinson’s proposal for a capital endowment (or minimum inheritance) for all on attaining adulthood could be a giant stride towards correcting inter-generational injustice, because it would arm the rising generation to get a start in life (see “*Inequality, What can be done?*”, Harvard University Press, 2015).

Related to this is the social demand of young people for more rewarding work. Every wave of technology brings with it a change in organisational theory and the management models it inspires. So-called “scientific management” (F. Taylor and L. Gilbreth), rather than the steam engine or electricity, led to the miseries of the mass-production line, identified with the Industrial Revolution (see Georges Friedmann, “*Où va le travail humain?*” and Charlie Chaplin’s film “*Modern Times*”). Likewise, it is not so much information technology as the quantitative techniques of “management by results” that is leading to problems of stress and burn-out in the Information Society. The interesting question is whether the next wave of organisational change, based on complexity theory, will lead to lateral, co-operative organisations, with decentralised power and decision-making, so as to favour innovative capacity? There is a long-standing thread in organisation theory (J. Woodward and T. Burns) linking technological success to flat hierarchy, so it is not surprising that “*Give and Take – Why Helping Others Drives our Success*” by Adam Grant is having such a big impact on US management circles. Does this mean that two fundamental human needs – altruism and autonomy – might be enhanced by the encounter between social change and the new wave of technologies?

There is, however, a dark side to these new relationships between organisation, management and individual autonomy. First, the vast stocks of information on private behaviour, exploitable for bad as well as good reasons, call for international regulation. Cyber-attacks for personal, commercial or political advantage are the most glaring example.

Less visible, but equally worthy of vigilance, are the rapidly growing usages of the behavioural sciences to encourage, force or “nudge” human behaviour in the “right” direction. According to the *OECD Report on Tackling Environmental Problems with the Help of Behavioural Insights* (2017), “behavioural biases and the feature of human behaviour that, if observed through the lens of standard economic theory, can be defined as deviations from rational decision-making”. I am sure that all would admit that standard economic theory is not a fully adequate way of circumscribing human rationality, especially when PISA is now stressing the importance of so-called “emotional skills”! The crucial point is to recognise that the behavioural sciences can be used either for enhancing democratic participation by the citizenry or technocratic manipulation (see *Sciences Humaines*, December

2016, "*La Manipulation, Pourquoi sommes-nous tous influençable?*"). The 2017 OECD Report on Behavioural Insights and Public Policy puts the matter neatly: "There is an emerging need for guiding principles or standards to ensure that the continued use of behavioural insights by public bodies is not open to abuse or unethical utilisation – or perceived to be so" (p. 14).

Putting a positive edge to all this, it is important to recall a finding of the social sciences (for example a major research on the changes in US food habits during World War II): that it is participation, not force or manipulation, that can result in sustainable change in attitudes and behaviour. As the Report on "*Working with Change*" of the OECD Observatory of Public Sector Innovation puts it: "However, leadership is not enough: a critical mass of actors in different positions and roles, who understand the need for change and also are willing to act on it, is crucial for achieving results" (p. 6).

Participation, in public administration, enterprises and civic life, is thus the antidote to both Orwell and Machiavelli -- thereby enriching representative democracy.

V°) IN SEARCH OF THE "GOOD LIFE"

If there is one thing that strategic foresight has taught us, it is that the future cannot be predicted, but it can be "created" by the policy choices that are just ahead. As a multilateral policy pathfinder with "better lives" as the goal, the OECD has been right to highlight the danger of a "lost generation" of youth. This is seen as the problem of getting young people into the labour market with decent jobs. But it is abundantly clear that we are faced with the broader question of the role of youth in society.

The young people of today are faced with a unique challenge because the sign-posts of the past have been largely wiped out, whereas those of the future have become blurred because of obsolete political ideologies and utopias. The historian Yuval Noah Harari (*Homo Deus – A Brief History of Tomorrow*, Harvill Secker, 2016) has gone as far as to suggest that humankind might have a god-like future because of genetic engineering and other life-prolonging techniques.

Face with such vertiginous prospects, the obvious thing to do is to invite young people to have their own say about what constitutes the "good life". For example, what does the analysis of the OECD "*Your Better Life Index*" tell us? In default of that, the OECD dialogue with student delegations in 1968 (The Royaumont Conference) might provide a lead. Broadly speaking, their message was that they wanted to be involved in creating the new production paradigm, rather than simply as factors of production without a voice. In other words, they wished to participate (see George Papadopoulos, OECD Observer, 1969, *Student Unrest*).

Participation, after all, reflects the challenge to all societies, from advanced to primitive: how to establish the institutions and rituals whereby the new generations make the transition to adulthood? But today, with highly educated youth, the crucial question is participation in what?

The current debate about universal basic income gets to the heart of the matter. On the one hand, according to Guy Standing (*The Precariat: The New Dangerous Class*), it would help young people to escape from the "precariat". On the other hand, according to Edmund S. Phelps (*Mass Flourishing*, 2016) work satisfaction in the emerging economy is the foundation stone of the good life. This debate between philosophers and economists is as old as the hills, a highlight being Bertrand Russell's "*In Praise of Idleness*" (Review of Reviews, 1932). His analysis was inspired by the reality that the hard life of the working class blocked the path to life satisfaction. So, the outcome of this debate could hinge on whether the new technological revolution will liberate rather than enslave. For the rising generation, the challenge facing society and the economy is thus "working to live" rather than "living to work".

VI°) A WORLD WITH A FUTURE

Paradoxically, "working to live" could become a meaningful goal for youth across the emerging global society. The fundamental reason for this is that the quest for a better life is founded in human nature. Universal human rights reflect this, but the fact that they are founded in universal human needs amplifies their force in politics. The Development Centre's *Report on Measuring Well-Being and Progress in Countries at Different Stages of*

Development (Boarini, Kolev and McGregor, 2016) confirms the relevance of the OECD "*Better Lives*" indicators to all developing countries.

What is equally clear is that progress in that direction is dependent on innovation. The story of Homo Sapiens is a story of both adaptation and innovation, and now that we are in a world of permanent change (Unger), innovation is becoming the leitmotif of politics, as in the G20 Hangzhou Consensus. It is worth noting that the OECD Innovation Strategy democratizes the process of innovation by emphasizing that people have to be empowered to participate in the innovation process. It is true, of course, that authoritarian regimes can impose change, but a process of continuing change over decades depends on grass-roots participation. In *Peace through Entrepreneurship -- Investing in a Start-Up Culture for Security and Development* (Brookings Institution, 2016), Steven R. Koltai goes so far as to argue that instability and terror breed where young men and women cannot find jobs. The answer lies in innovation and entrepreneurship as the source of new job creation.

We might conclude that, as the contemporary theorists of evolution say, innovations is life (Pascal Picq, *Qui va prendre le pouvoir?*, Odile Jacob, 2017). And that this gives a competitive edge to youth. But to the themes of innovation and participation, a third needs to be added: sustainability, for the simple reason that youth tends to lose out in the downswings of the economy. As the 2017 OECD *Report on Policy Coherence for Sustainable Development* makes clear: "A basic principle of sustainable development is to balance the needs of current and future generations" (p. 25). More than that, in the current battle between the advocates of a rules-based open global system, and those in favour of territorial nationalism, the SDG's -- endorsed by Heads of State and Governments of all UN nations and by the G20 -- could harness the natural idealism of young people.

VII°) THE RESILIENCE OF THE OECD TRIANGULAR POLICY PARADIGM

Looked at from the point of view of the rising generation, how does the OECD Policy Framework stand up?

The Geo-Political Context. It is clear that some of the most important historical nations/empires/civilisations see their future in terms of the recovery of their former greatness. This is not a surprise when the means of technico-economic and military power are vast and growing. But it is equally clear that collective disaster is on the cards unless the return to "Greatness" is in the name of the common good.

At this turning point in the history of mankind (see Harari, *Homo Deus*) the rising generation rationally stands for the common well-being. There is no utopia on the horizon, but there is room for a realistic idealism. Indeed, even the theorists of global regression who are entering the debate (*L'Âge de la Regression*, Premier Parallèle, 2017) are presenting options for a better future.

So, a reasonable starting point is to see where the three goals already agreed to by the OECD Ministerial Council lead us.

A Resilient Economy. Given that resilience implies both resilience to shocks and rebound, the 2017 *Economic Outlook* is a significant step forward because it pragmatically brings Keynes back into the policy-mix, whilst opening the door to Schumpeter. Change is thereby continuous: not only smoothing out the economic cycle, but also accelerating structural changes in the factors of production. From the point of view of youth, this has three implications.

1. Resilience does not only involve regional policy, it goes down to cities and localities, and even to the social security of individuals, involving their empowerment to participate in the innovative process (c.f. LEED and GOV).

2. This means a broader definition of skills, beyond specifically digital skills to the capacity to initiate and co-operate in change (c.f. *OECD Report on the New Industrial Revolution*).

3. Labour market flexibility, founded on reducing the cost of labour, should be re-framed as labour market dynamism, founded on closer co-operation between enterprise human resource strategies and public employment policies -- for example portable individual training accounts (c.f. the 2017 *OECD Employment Outlook*).

Inclusive Society. This means a "place" for everyone, including the non-active population, and if possible "in the sun" (*Better Lives*). It runs into the reality that economic growth is leading to bigger and more complex inequalities, expressed as the phenomenon of exclusion, including of youth. If the foundation stone of life-satisfaction is work satisfaction, the core of the OECD inclusive growth strategy must be to get as close as possible full employment, but also to improve the quality of jobs and working conditions; even to foster a culture of entrepreneurship (see *All on Board: Making Inclusive Growth Happen*, OECD, 2014).

Beyond this the fundamental problem is that, under conditions of rapid and continuing change, people and communities can lose their sense of having a future. The traditional redistributive policies based on income lose their bite and need to be linked to a policy for redistributing opportunities (hence the creation of the OECD *Centre for Opportunity and Equality*). This policy shift brings new and complex challenges which cross ministerial boundaries. In all cases, the voyage from exclusion to inclusion requires support structures leading to self-reliance. Typical examples are school drop-outs, the long-term unemployed, prisoners, the handicapped, the sick/aged and the extremely poor.

Pulling the two threads together, the Inclusive Society calls for an Empowering State, able to stimulate and co-ordinate all the actors, including civil society and enterprises, and to do so through participative procedures which maximize autonomy and freedoms.

Sustainable Environment. This goal of the OECD Ministerial Council marks a turning point: it recognizes that nature has its own laws which, if denied by human activity, will inflict the costs on the rising generations. Climate is an exemplary case, but there are others such as bio-diversity and oceanic pollution. The complexity of the problems is heightened by the simple reality that humankind is both a predator on nature and an integral part of it. The consequence is that the husbandry of nature is found in primitive societies, and why contemporary society is seeking rediscover it in the form of the Ecological Movement.

Note that the COP21 Agreement is forecast to survive, despite the US withdrawal on economic grounds, because it is a voluntary movement involving the grass roots of American Society (Daniel Cohen, *L'Observateur*, 15/21 June 2017).

The message from this brief analysis of OECD Ministerial goals is that the battle against regression is engaged, and that it is a worthy challenge for the rising generation. As an institution, the OECD has evolved from the OEEC with its goal of restoring European material prosperity, into a global institution seeking to endow all citizens with "Better Lives" (see *Time to Act: Making Inclusive Growth Happen*, OECD, 2017). In the global alliance of international organisations now in the making, the OECD is playing the role of policy pathfinder, based on its professional culture, political neutrality and intellectual independence of the Secretariat.

The foundation stone of this pathfinder role is the OECD Triangular Policy Paradigm, based on the economic, social and environment systems as the determinants of human well-being. Matthias Schmelzer has criticized the hegemonic role of economic growth in the OECD Model (*The Hegemony of Growth, The OECD and the Making of the Economic Growth Paradigm*, Cambridge University Press, 2016), but that criticism lacks grip now that economic growth is seen as a means, not an end. The reality is that, as a means, an adequate level of economic growth is a sine qua non but not an open sesame.

There is indeed no open sesame, not even the latest bidder for hegemony, i.e. the digital revolution! The economic, social and ecological systems each have their own logic, which results in a complex pattern of synergies and trade-offs in terms of human welfare. The OECD triangle has become a tripod, with public policy-makers at the apex trying to optimize the outcomes. To do this they need systemic understandings and tools. Historically, macroeconomics became the dominant policy science because it provided an overall, systemic model based on rational behaviour by economic agents. Developments in the natural and social sciences, new analytical tools, data and computing power have resulted in new possibilities for getting at these complex systemic interactions, as explored by NAEC (see NAEC, *Towards a New Narrative*, 2017). Agent-based models based on complexity theory are sharpening the macro-economic model in specific areas, such as the financial system and climate, but they do not replace it. Nor do they hide the reality that the

decisions about trade-offs and synergies are essentially political. They call for a whole-of-government approach, inspired by strategic vision, and a capacity to rally and empower all the actors, including the citizenry.

Thus, the empowering state stands between laissez-faire and state planning. It is not the "third way" based on the reconciliation of the economic and the social. It recognizes that better lives depend on the long-term viability of the economic, social and ecological systems; and that this requires a partnership between the state, the civic society, active citizens and enterprises.

VIII^o) CONCLUSION: A NEW PATH TO HUMAN PROGRESS?

The results of the ballot box in the United States, the United Kingdom and France are demonstrations of people power, and translate a loss of faith in the capacity of political and technocratic elites to deliver economic and social progress. The contemporary challenge is thus to forge a new vision that puts people back into the centre of policy.

Fundamentally, this means – as Eric Beinhocker has put it (*OECD/NAEC Roundtable*, December 2016) – a new idealism that can inspire the rising generation. “Periods of progress are usually characterised by idealism, common projects we can all aspire to”, he says.

Neither a new superpower, nor the market, nor transhumanism can take us in that direction. Nation-states, both individually and collectively, need to release the forces for innovation and for change that are inherent in Homo Sapiens: innovate or die! This may seem far removed from the hard realities of international relations, but progress and security are now inextricably linked. Military action is needed in the short-term, but terrorism is based on an alien ideology and in the long-run can only be overcome by a new humanism with global appeal.

The UN 2030 Agenda, adopted by all heads of state and government, is a historic step in that direction. It is a long-term common project capable of providing a compass for the rising generation because it incorporates the criteria

of innovation, participation and sustainability. Backed by the G20 Hangzhou Summit, which consolidated the coalition of the main international organizations in support of the SDGs, it provides an open-ended and adaptable system of global governance (see AIA/NAEC Seminar on *The Prospects for Global Governance*).

In effect, the multi-polar global system is now based on a complex set of networks involving national states, international agencies, enterprises (including the multinationals), NGOs and civil society. The OECD itself is in the middle of many of these networks across the world. In the absence of a world government, how can they be harnessed to meet the common challenges? The answer lies in a common strategy for innovation and methods of empowerment so that many different agents can cooperate. A period of profound political, economic, social and technological experimentation looms. The question is not so much “who rules the world?” but, as Noam Chomsky has concluded, “what principles and values rule the world?” (*Who Rules the World?*, Metropolitan Books, New York, 2016, p.258). Out of the tangle of debate, in the OECD and elsewhere, the main lines are beginning to emerge:

1. A common humanity: Thomas Paine (*The Rights of Man*, 1791) postulated that human rights originate in Nature and cannot be revoked by the action of the State. The human rights movement of today still draws on Paine, but it is now recognised that positive action by the State is needed so that people are “empowered” to exercise their rights (e.g. the feminist movement). Thus, human rights and socio-economic conditions are inextricably linked, as in the notion of “capability” forged by Amartya Sen, and further developed by the philosopher Martha Nussbaum.

The frontier of a common humanity now lies in the idea that the human being is goal-oriented and aspirational. Both autonomy and solidarity are in the nature of humankind (Stéphane Hessel and Edgar Morin, *Le Chemin de l’Espérance*, Fayard 2011), and/or can be nourished by the institutional framework (Dennis Snower, *Research Programme of Caring Economics of the Institute for New Economic Thinking*).

2. Socio-Cultural Diversity: The danger ahead is that a mono-cultural global society, moulded by the new technologies, will lose its power to innovate. History shows that civilizations which integrate diverse cultural assets are more resilient (Claude Lévi-Strauss, *Race et Histoire*, 1987 [1952]). Indeed, many of the cultural innovations embodied in the Western technico-economic revolution were assimilated from the Chinese, Greek and Islamic civilizations. This is why

respect for different socio-cultural systems and philosophies is an essential pillar of the new humanism.

3. Deconcentration of power: The technological innovative era proclaimed by the G20 2016 consensus cannot be realised without political, economic and social innovation. And the key to a heightened innovative capacity across society is the deconcentration of power: “Leadership” more than executive authority; and grassroots initiative more than ant-like conformity.

The relation of the individual to the State, the heart of democracy, is changing: the ballot-box is complemented by more direct forms of political participation, leading to the concept of “active citizenship”. The NGOs, an expression of such active citizenship, are part of the political scenery at all levels, from global to local. Cynthia Fleury (*Les Irremplaçables*, Gallimard, 2015) argues that far from undermining the rule of law, individual autonomy and self-realisation (“individuation”) are its very foundation.

Public administration is also the scene of the deconcentration of power towards cities, regions and local communities. Policy coherence and creativity get easier the closer you get to the citizen, because participation is the ally of change. This might explain why cities are taking the lead in response to the challenge of the climate (cf. the proposed AIA/NAEC seminar on this subject).

4. Equitable sharing of the Fruits of Progress: Glaring inequalities in wealth, income and opportunity are the greatest threat to open and fair societies, and to the sustainability of the global system. Both are linked.

As to inequalities within nation-states, the latest OECD report on Inclusive Growth sets out the issues squarely and fairly (*Bridging the Gap: Inclusive Growth 2017 Update Report*). The priority given to early childhood policies is well understood, but the future is not 30 years ahead for the youth of today. That is why the highest priority should be given to avoiding a “lost generation” through second-chance education and training opportunities; to a minimum inheritance endowment on reaching adulthood (Tony Atkinson), thus facilitating access to health, housing, training and self-employment; and regulation so that industry enters the battle for equality of opportunity for youth.

On the international scene, widening disparities obviously lead to growing migratory pressures. Hence the proposal for a “Global Compact for Safe, Orderly and Regular Migration” (see *International Migration in a Shifting World*, OECD 2017). The reality is that under the existing rules of the game, financial capital can move at the touch of a button, whereas human capital is

increasingly blocked at national frontiers. The only possible answer lies in narrowing the gap between advanced and developing countries in terms of income, wealth and quality of life. The best hope for this is in the participation of the developing countries in the New Industrial Revolution rendered possible by the ubiquity of the new technologies in terms of scale and place. Societal changes in developing countries, with educated youth in urban locations, means that an entrepreneurial youth culture is developing (*Unlocking the Potential of Youth Entrepreneurship in Developing Countries – From Subsistence to Performance*, OECD, 2017). Already a new generation of African, Asian and Latin American political, economic and social innovators is appearing on the international scene, such as the World Economic Forum and the OECD Forum.

This may appear as derisory compared with the “Big Bang” of high-tech but, as the NAEC seminar by Carlos Moedas brought to light, the widespread grassroots diffusion of innovation is the key to productivity growth. A typical case was the OEEC European Productivity Movement after World War II to spread best practice in cooperation with business and the trade unions. In any case, the process of catch-up and leapfrog is now inherent in a globalised, competitive economy. Witness the rise of Japan in the 1960s, then the BRICS – when will Africa and Latin America follow? In other words, the key to an equitable sharing of the fruits of progress lies in a new international division of labour.

For the decades to come, one can draw on the monumental studies of the rise and fall of civilizations by Arnold Toynbee, notably a study of *History* (1934) and *Mankind and Mother Earth* (1976): economic and military power are built on the mastery of technology, but decline comes when societal cohesion is lost or when the natural laws of the biosphere are transgressed. Today, the heart of the policy problem is thus the balance between the three interacting systems of the economy, society and the environment. SDG goals such as the eradication of poverty, the transition to renewable energy and a liveable climate are more likely to mobilise youth than “going to Mars” or the flying car.

This is the spirit of the times, and innovation, participation and sustainability are the values that the rising generation is likely to defend, in the ballot-box or on the streets.