

GENERAL SECRETARIAT**A SYSTEMIC RECOVERY****Summary Record**

28 April 2021 15h00
Paris, France

The New Approaches to Economic Challenges (NAEC) Group, chaired by the Secretary General, provides a forum to discuss the substance of NAEC (C(2012)109/REV1) supporting the Council in its oversight of the Initiative. The NAEC Group involves representatives from relevant Committees, Member countries and Directorates.

Building on NAEC Group meetings on [Averting Systemic Collapse](#) and [Confronting Planetary Emergencies](#) which considered the systemic properties of a range of challenges and the resilience strategies and policies needed to contain them, this year's conference facilitated a debate on policy approaches to develop a [Systemic Recovery \[SG/NAEC/A\(2021\)1\]](#). It provided a platform for views from Committee Chairs and Directorates on the recovery and how this could be accelerated through new thinking and new approaches.

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JT03477488

A SYSTEMIC RECOVERY

NAEC Group Conference, 28 April 2021

SUMMARY RECORD

In 2019, the OECD's New Approaches to Economic Challenges (NAEC) Initiative suggested, "a new crisis could emerge suddenly, from many different sources, and with potentially harmful effects". The Conference was called [Averting Systemic Collapse](#). Six months later, sadly, that collapse came.

In many ways, COVID-19 confirmed what NAEC had been tabling for years. It has tragically impacted human health, lives and livelihoods across the globe. There are positive signs, with vaccines being deployed in many countries. Also, throughout the crisis, policymakers have learnt about different policy responses. However, the virus has been learning too, with several mutations.

Importantly, COVID-19 will not be the last pandemic. The chance of a major influenza [causing 6 million deaths globally is about 1% each year](#). Zoonotic risks, as with coronavirus, are increased due to human intervention. Pneumonia and antimicrobial resistant pathogens are also a huge risk. And a health-related shock has about a 10 to 20% probability of occurring over the coming decade.

But pandemics are not the only crisis we face. Even if we manage to keep the [average increase in global temperatures below 2°C](#), 99% of coral reefs will be lost. Insects, vital for pollination of crops and plants, will likely lose half their habitat. Rising sea levels would threaten millions of people. The frequency and intensity of droughts, storms and extreme weather events will also be increasingly likely.

We will recover. But what type of recovery? COVID-19 has demonstrated how a health emergency can provoke severe global economic consequences. It has generated massive economic and financial imbalances in both developed and developing countries, with major longer-term consequences for the world economy. Like natural systems, our socio-economic and financial systems can also suffer emergent failures, positive feedbacks, tipping points and non-linearities.

The deep interdependence of global systems means that local crises can rapidly prompt planetary environmental, social, economic, and political emergencies. These global-scale systemic challenges must therefore be tackled by rethinking our systems – how they interact and how they are designed, operated, managed and how they can fail.

On 28 April, the New Approaches to Economic Challenges (NAEC) held a conference of the NAEC Group on [A Systemic Recovery](#). NAEC provides a space for competing visions on the recovery and the economics upon which it is built. It is not about what we do, but how we do it - the models, analytical approaches, and narratives upon which so much of our policy advice is based.

The NAEC Group provides a platform for views on how to advance a more systemic approach to the recovery from Covid-19 and how this could be accelerated through new thinking and new approaches. This is an important role in capitalising on OECD's multi-policy Committee machinery. Several Committee Chairs - ELSAC, CSSP, DAC, CTSP and EPOC - brought global, social, environmental, technological and statistical policy perspectives to the debate.

NAEC has looked with some prescience and urgency at [Averting Systemic Collapse](#) (2019) and [Confronting Planetary Emergencies](#) (2020) and facilitated a debate with some of the world's leading economists on policy approaches to develop the resilience necessary for [A Systemic Recovery](#). Rana Foroohar and Martin Sandbu from *The Financial Times* expertly moderated the discussion.

Mark Carney suggested that a fundamental crisis of values were manifest in three crises: credit (undervalued resilience); COVID (solidarity); and climate (sustainability). He argued that such values were "very much in the NAEC spirit" and the challenge is to reinforce these values while retaining dynamism needed to solve our greatest problems. Gita Gopinath, Chief Economist of the IMF, questioned whether

the recovery policies might have an adverse effect on the macroeconomic stability of emerging markets. Paul Krugman, who previously referred to NAEC as a “*skunk-works for economics and policy*”, said that recovery efforts, particularly in the United States, were good relative to expectations but bad relative to the scale of the challenges.

All speakers generally agreed that the green transition could help address macro problems. The ever-increasing monopoly concentration, especially the outsized power of the largest tech firms, presents a serious threat to the resilience of the economy and democratic societies (an issue being explored in [NAEC with the Open Markets Institute](#)) and that nationalism, including vaccine nationalism, undermined the potential for a systemic recovery. Finally, there was broad agreement that the State had a role to play beyond market fixing, extending to market creation.

The second session, moderated by Jo Swinson, Director of Partners for a New Economy, discussed NAEC’s inter-disciplinary, cross-Directorate projects. Admiral Bill McRaven, Professor of National Security at the University of Texas, supports the [Neuro-science Inspired Policy Initiative](#), which emphasises how investments in brain health and brain skills are critical for post-COVID economic renewal, re-imagination, and long-term economic resilience. Former Commanding General of the Army Corps of Engineers Lt. General Bostick explained how our capacity to plan, absorb, recover and adapt is essential to achieve long-term [Systemic Resilience](#). Barry Lynn, Director of Open Markets Institute, looked at [shock-proofing global production systems](#) and highlighted how ever-increasing monopoly concentration and “*putting all our eggs in one basket*”, presents a serious threat to the resilience of the economy and democratic societies.

The NAEC Group conference was preceded by a [Symposium on Systemic Recovery](#) on 26-27 April, with the Fields Institute (Canada) and Rebuilding Macroeconomics (UK), which delved more deeply into the analytical approaches being applied to understand the COVID crisis and the recovery.

Annex - List of Participants

Panellists and Speakers

Session 1

Ms. Rana Foroohar	Global Business Columnist & Associate Editor New York Bureau, <i>The Financial Times</i>
Mr. Martin Sandbu	European Economics Commentator, <i>The Financial Times</i>
Mr. Mark Carney	COP 26 Finance Adviser and UN Special Envoy
Ms. Gita Gopinath	Chief Economist, International Monetary Fund (IMF)
Mr. Paul Krugman	Distinguished Professor of Economics at the Graduate Center of the City University of New York
Ms. Mariana Mazzucato	Professor in the Economics of Innovation and Public Value at University College London, and Founding Director of the UCL Institute for Innovation & Public Purpose (IIPP)
Mr. Kenneth S. Rogoff	Thomas D. Cabot Professor of Public Policy and Professor of Economics, Harvard University

Session 2

Ms. Jo Swinson	Director, Partners for a New Economy
Admiral William H. McRaven	Professor of National Security, Lyndon B Johnson School of Public Affairs at University of Texas at Austin
Lt. General Thomas P. Bostick	Former Chief Engineer and Commanding General, US Army Corps of Engineers and Affiliated Scholar, Stanford University
Mr. Barry Lynn	Executive Director, Open Markets Institute
Mr. Igor Linkov	Senior Science and Technology Manager, US Army Engineer Research and Development Center, and Adjunct Professor, Carnegie Mellon University
Dr. Matheus Grasselli	Chair of Mathematics and Statistics Department of Mathematics and Statistics, McMaster University
Ms. Megan Greene	Economist, Senior Fellow, Harvard Kennedy School
Mr. Angus Armstrong	Director Rebuilding Macroeconomics Network, National Institute of Economic and Social Research

OECD Committees

Mr. Anil Arora	Chief Statistician of Canada Statistics Canada, Chair of the Committee on Statistics and Statistical Policy (CSSP)
Dr. Yongsuk Jang	Senior Research Fellow Global Policy Research Center, Science and Technology Policy Institute (STEPI), Chair of the Committee for Technological and Scientific Policy (CTSP)
Mr. Julio Santaella	President of INEGI-Mexico and Member of the CSSP Bureau
Mr. Kenneth Swinnerton	Chief International Economist, Bureau of International Labor Affairs, U.S. Department of Labor, Chair of the Employment, Labour and Social Affairs Committee (ELSAC)

Ms. Susanna Moorehead Chair of the Development Assistance Committee (DAC)

Ms. Katrin Zimmer Senior Advisor International Unit, Swedish Environmental Protection Agency,
Vice-chair of the Environment Policy Committee (EPOC)

OECD Ambassadors

Ms. Régine Vandriessche Ambassador, Permanent Representative of Belgium to the OECD

Mr. Felipe Morandé Ambassador, Permanent Representative of Chile to the OECD

Ms. Michaela Spaeth Ambassador, Permanent Representative of Germany to the OECD

Mr. Georges Prevelakis Ambassador, Permanent Representative of Greece to the OECD

Mr. László Turóczy Ambassador, Permanent Representative of Hungary to the OECD

Mr. Haim Assaraf Ambassador, Permanent Representative of Israel to the OECD

Mr. Yoshifumi Okamura Ambassador, Permanent Representative of Japan to the OECD

Mr. Indulis Abelis Ambassador, Permanent Representative of Latvia to the OECD

Ms. Lina Viltrakiene Ambassador, Permanent Representative of Lithuania to the OECD

Ms. Sybel Galvan Ambassador, Permanent Representative of Mexico to the OECD

Mr. Aleksander Surdej Ambassador, Permanent Representative of Poland to the OECD

Ms. Irena Sodin Ambassador, Permanent Representative of the Republic of Slovenia to the OECD

Ms. Anna Brandt Ambassador, Permanent Representative of Sweden to the OECD

Mr. Kerem Alkin Ambassador, Permanent Representative of Turkey to the OECD

OECD

Mr. Angel Gurría Secretary-General SGE

Mr. Ulrik Vestergaard Knudsen Deputy Secretary General

Mr. Juan Yermo Chief of Staff SGE

Mr. Alvaro Pereira Director CSB ECO/CSB

Mr. Paul Schreyer Director and Chief Statistician SDD

Mr. Andrew Wyckoff Director STI

Mr. Anthony Cox Deputy Director ENV

Mr. William Hynes Senior Advisor to the Secretary General and Head of the New
Approaches to Economic Challenges (NAEC) Unit

Dr. Robert Koopman Chief Economist, World Trade Organization

Mr. Pierre Habbard General Secretary, TUAC

Mr. Frederik Lange Policy Manager and Principal Economist, BIAC