



United Nations General Assembly Second Committee Side-event

“Emerging models of economic activities: Implications for sustainable development”

24 October 2019, 10AM, CR 2 – United Nations Headquarters, New York

Concept Note

Objective and outcome

To understand the emerging models of economic activities and their implications for sustainable development. An informal summary of the discussions will identify policy options for maximizing the benefits of various models of economic activities, while minimizing their risks.

Background

Humanity is experiencing the most profound economic and social transformations. It is not the change itself – rather the pace of change – that is catching many societies off-guard. The traditional relationships between capital and labour, between employer and employee or between producer and distributor are changing rapidly, upending existing economic, social and political orders. These transformations are manifesting in new and emerging models of economic activities.

Economic activities are usually organized by sectors: agriculture, industries and services. They are also often classified by the type and level of economic value-added: primary, intermediate or tertiary levels of economic activities. Development or progress is then defined as transitions from low value-added sectors to the higher value-added ones. Efficiency considerations – while paying inadequate attention to equity, social justice or environmental sustainability – has been driving this monolithic vision of progress.

Social, cultural, environmental and technological changes during the past few decades are now fundamentally challenging these standard frameworks for organizing economic activities. Increasingly, people and societies – driven by necessity, innovation and convenience – are creating values that transcend sectors or stages of value-added. Digitalization is a key driver of this process, reorganizing industries, value chains, factor markets and consumer partners, lowering transaction costs and expediting trade flows. It is increasingly difficult to pigeonhole an economic activity – an activity that creates both tangible and intangible values – to a particular economic sector or domain.

Societies are now embracing new models of economic activities, and new ways of creating wealth, while trying to strike a balance between profit and social and environmental sustainability. Green economy models – emphasizing sustainable use of planetary resources – are driving shifts in

production and consumption patterns and accelerating progress towards the SDGs. Sharing economy models are creating opportunities for asset-owners to deploy their idle assets, provide services and earn livelihoods. Social and solidarity economy are promoting rights-based approach, shifting emphasis away from profits and creating new opportunities for addressing social justice and inequality. Creative economy – unlocking potentials for creativity and innovation – is enabling youth to pursue meaningful livelihood and prosperity. Digital economy – with digital data and connectivity playing an increasingly important role in all spheres of social and economic activities – is ushering new opportunities and challenges for creating value and transforming societies. Underpinning all these models is digitalization and the widespread use of digital platforms, which are enabling enduring changes in the way people live and interact with each other, reshaping how businesses are conducted and how governments work and function, while raising concerns of growing market consolidation.

These emerging models of economic activities are not mutually exclusive. They overlap, interact and sometime reinforce each other. Digital economy, for example, is a critical enabler for the sharing economy. It can also potentially help to reduce carbon footprints and pave the pathway for a green economy. Social and solidarity economy can foster a more fair and equitable green economy. Digital economy can expand access to basic services, including education, healthcare, finance and livelihood opportunities and stimulate a vibrant creative economy.

These emerging models can also undercut each other, increasing risks and uncertainties and creating new opportunities for exclusion and exploitation. Sharing economy, for example, is posing risks of disrupting and destroying many existing economic activities. Ride-sharing activities are threatening the livelihoods of traditional taxi drivers. Homeowners – offering temporary accommodation to strangers – are disrupting the hotel and hospitality industry. The advent of green economy is threatening to undermine the livelihoods of many trapped in coal and fossil-fuel industries, exacerbating their anxiety and insecurity. Digital economy is raising widespread concerns about data manipulation, security and privacy with far-reaching impacts on freedom of speech, social cohesion and democracy. Without appropriate legal, regulatory and institutional frameworks, the social and political costs of these disruption may outweigh the benefits of efficiency and convenience.

Economic and social transformations – as brought about by these new and emerging models of economic activities – are inevitable. Instead of trying to stifle their growth, Governments would need to proactively manage them to minimize the cost of disruptions on existing economic sectors and activities. Government would also need to facilitate coherence, interlinkages and mutuality of these economic activities to maximize their sustainable development outcomes.

Questions for discussion

- What policies and strategies are needed to minimize transition and adjustment costs, as societies adopt these new models of economic activities?
- How can governments maximize their synergistic effects?
- What institutional and regulatory framework are needed to ensure these models of economic activities deliver sustainable development outcomes?

- What role international cooperation could play to better manage these new and emerging models of economic activities?

Format

The Chair will open the Session. All panellists will be seated at the podium. The moderator will facilitate the panel discussion. Each panellist will be invited to give his/her perspective on the theme, keeping in mind the focus questions of the discussion. The moderator will facilitate an open, free-flowing exchange among panellists, followed by an interactive discussion between panellists and the audience, which will include representatives of Member States, institutional stakeholders, as well as civil society and the private sector.

Moderator:

Mr. Hamid Rashid, Chief Development Research Branch, EAPD, DESA

Panelists:

H.E. Mr. Mohammad K. Koba, Deputy Permanent Representative of Indonesia to the United Nations

Ms. Alex Rosenblat, Author, “Uberland: How Algorithms Are Rewriting the Rules of Work”
Research Lead at the Data & Society Research Institute

Ms. Fidan Ana Kurtulus Professor, Department of Economics, University of Massachusetts Amherst

Ms. Helge Elisabeth Zeitler, Environment and climate counsellor at the EU Delegation to the UN

Mr. Jonathan Donner, Senior Director for Research at Caribou Digital

Mr. Patrick Kabanda, Author, “The Creative Wealth of Nations: Can the Arts Advance Development”