



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

Informal Summary

Societies are 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. The following is a summary of the views presented by the experts, according to their economy of expertise– the green economy, the digital economy, the sharing economy, the solidarity economy and the creative economy, respectively.

Ms. Helga Elisabeth Zeitler – Environment and Climate Counsellor at the EU Delegation to the UN – noted that all countries with high development levels have exceeded several planetary boundaries, which highlights the urgent need for pursuing the green economy. In the EU, jobs in environmental goods and services increased by 47 per cent between 2000 and 2015, with more than 4 million people now working in sectors linked to the circular economy. The main bottlenecks to transition to a green and circular economy include access to finance, taxation, and public mentality, including resistance from the traditional energy-intensive sectors to change. Commitments from the top of the public and private sectors are needed. Governments have a fundamental role in setting visions and clear, long-term regulatory signals that help in the transition towards a green economy. Their role includes promoting research and innovation efforts and facilitate access to finance for environmental projects. Policies also give incentives to the private sector to align their profit motives with environmental priorities. Policymakers can also promote demand for environmental goods and services through procurement policies and promoting sustainable consumption practices. Both the digital and sharing economies can do good for the green economy, but they can also stimulate unsustainable consumption. Acknowledging that there are winners and losers in any transformation, society has to take care of those who could lose out.

Mr. Jonathan Donner, Senior Director for Research at Caribou Digital, noted that the digital economy isn't just phones, PCs and networks. Digitization transforms other sectors. First, there is a shift in the relationships between individuals and the organizations they work for, whether as an employee or not. Digitization often seems to privilege organizations vs atomized, fractional workers. The policy levers to protect and respect workers, their capacity to organize, and their capacity to move from one workplace to another, needs to be updated. Second, there are important trends towards new forms of concentration of power, particularly in a small number

of platform and data businesses who sit astride not just one market, but several interconnected ones. The existing levers policymakers have -- particularly taxation and promoting competition-- can be updated for digital firms (like the platforms) or to traditional firms with increasingly digital modes of value creation. Third, new social forces are playing a role thanks to advances in digitization. In Artificial Intelligence, there is a growing sense that the technology needs greater transparency, attention to ethics, and protection from algorithmic bias. The governance of data will prove difficult and will be harder still if that governance is to encourage responsible uses and for the benefit of all. From identity to currency to automation, digitization is renegotiating the relationship between individual, the state, the private sector, in ways which will strain our existing models of how policy can shape an economy. Policies to shape the increasingly digital economy for inclusion, equity, and sustainability are crucial. Work documenting the experience of individuals must be at the core of any policy. GDPR is illustrative of a promotion of global principles of privacy and data protection that could be a model for digital policy levers to address other outcomes.

Alex Rosenblat – Author of the book “Uberland: How algorithms are rewriting the rules of work” and a Research Lead at the Data & Society Research Institute – discussed the rhetorical claims about the sharing economy and the reality on the ground. Uber made exaggerated claims about drivers’ earnings and about their work flexibility. Notably, ride-hailing companies have the power to cut rates unilaterally, which significantly affects drivers’ welfare. Uber sees drivers as customers of the company’s platform technologies. In its view, drivers should address their grievances through consumer protection law. Ride-hailing companies do not provide drivers with employee handbooks and instead send messages about acceptable behaviour. This puts significant cost on drivers to comply with the many and constantly-changing rules. Uber has the potential to rewrite the labour rules entirely, through popularising its employment model of algorithmic management and its rhetorical claim about workers as technology consumers. Policy makers face challenges in regulating these new players that employ business models significantly different from the traditional ones. It is also cautioned that discussions about regulating these companies must take local context into account. Abstract discussions at the international level could sometimes make it difficult to pin down the trade-offs in these new economic models.

Ms. Fidan Ana Kurtulus, Professor of Economics at the University of Massachusetts Amherst, addressed the solidarity economy, tackling the reasons that prevent broad based employee share ownership of firms. A key reason is lack of knowledge about them and their positive effects on workers, firms, and society as a whole. Universities, NGOs and Governments play a crucial role in educating and training the population about this organizational form. Evidence shows that firms with broad based employee share ownership were more resilient during the Great Recession and exhibited greater employment stability. These companies also had greater survival rates and higher productivity than companies without employee ownership. Worker cooperatives, firms where workers are majority owners, are democratically controlled and profits are shared equitably and re-invested back into the coop and invested back into the community. The US has over 30,000 coops owning more than \$3 trillion in assets. In Quebec,

Northern Italy, India and Japan, coops play a significant role in the national economy. Cooperatives are even more prevalent in Europe. In Spain there is an association of over 100 cooperative enterprises forming an entire cooperative economy with factories, schools, banks, stores and services. Advantages in having employee ownership include: 1) Increased economic performance; 2) Greater job security and firm survival; 3) Shared Prosperity/Shared Wealth; 4) Higher quality of work-life and work satisfaction; 5) Promotes Democratic Decision Making and Individual Dignity; 6) Cooperatives invest their revenues on educating their community; 7) Cooperatives have concern for the environment and their local community; 8) Cooperatives empower marginalized groups; 9) Cooperatives empower women.

Patrick Kabanda, Author of “The Creative Wealth of Nations”, noted the need to include the creative economy in discussions about inclusion and social justice. He touched on the following four points: The green economy. It’s not difficult to see that cultural jobs, making music, painting, designing, and the like, are much greener than jobs in manufacturing, and involve higher self-fulfilment. Also, if we are to include young people and those excluded in the current economic models, we need to leverage the creative sector. Economic diversification is urgently needed, and the creative sector needs to play an important role. The second point dealt with how the arts can help us come up with new ideas. He noted the invention in 800 A.D. of “The Instrument Which Plays by Itself.” This water-powered organ had a unique feature: it was programmable. As we seek new technologies that support greener economies and the research and innovation. we should not consider the arts as an afterthought. According to Mr. Kabanda, if we place more emphasis on the arts in our schools, we are going to see miracles. Engineering and math are important, but arts are crucial for innovation. The third point concerned unsustainable consumption and its impact on climate change. In art it is possible to have satisfaction without buying anything. So, economies that look beyond GDP, based more on experiences and emotional and spiritual satisfaction, must prioritize the arts. The fourth point dealt with the arts and communication. Data is important but alone doesn’t necessarily change people’s minds. On climate change, for instance, there is the science, but many still do not accept it. Mr. Kabanda called for stories and poetry to close this gap.

H.E. Mr. Mohammad K. Koba, Deputy Permanent Representative of Indonesia, suggested four points. The first is that the study of the creative economy is not new. UN Agencies have a large body of work on the creative economy. The 2030 Agenda includes cultural diversity, and this contributed to the targets. UNCTAD has published the Creative Economy Report, highlighting trends, challenges and way forward. UNESCO has also worked on the issue. The second is that there are initiatives at the regional and national levels. Colombia, UK and Indonesia are national examples. Third, evidence demonstrates the power of the creative economy for the SDGs. In Indonesia, the sector has the third largest contribution to GDP (7.4% and 60 million jobs). Indonesia has a dedicated ministry. Fourth, the UN can elevate the topic at the global level, through a resolution that increases awareness and cooperation among all stakeholders. This includes best practices. The creative economy complements other economies, such as the digital economy and creates jobs. It should be encouraged. It brings creative solutions for poverty

eradication and resilience. Examples abound, including a village that became known as the graphic design village after a competition opened the doors to the market. An issue to pay attention to is that policy making is not keeping up with the regulatory needs that technology creates. At the same time, regulating too much risks taking creativity away. Governments need to put together an enabling environment for investment, policy development and legal framework, as well as prioritizing investment in human capital.

In the discussion that followed, there was a call for advocacy for a circular economy and to profit from technology to achieve the SDGs faster and better. It was also mentioned that technology can be an instrument for inclusion, integrating the informal sector and the agriculture sector as entrepreneurs. The expert on the digital economy suggested that it is not fair to say that only the formal sector is adopting tech. With access to mobile phones, everybody has an opportunity to use technology to improve livelihoods. While formal business has access to large banks and platforms, the informal sector does not have tailored tools to help them. They take general tech tools and adapt them (i.e. using social media to advertise small business). An important contribution could be made if tools could be optimized for the needs of the informal sector. The expert on the solidarity economy highlighted that cooperatives are unions with common interests. The role of technology is to bring people together through three channels: network creation among people with common interests; information sharing on new products and technologies and collecting data on the impact of cooperatives. The expert on the green economy brought attention to the need to empower people towards sustainable consumption. New narratives and a regulatory framework are needed. The expert on the sharing economy highlighted the risk of de-professionalization of areas of work and the disadvantages that more experienced but less tech savvy workers face in the sharing economy. The asymmetry of power between the platform and the workers and the opacity of the algorithms also puts stable livelihoods at risk. The expert on the creative economy added that education is crucial in an era of fake news.

The moderator, Mr. Rashid concluded highlighting the following messages:

1. We need to understand technology and its interaction with humans. It is an interphase and it is speeding up. It affects at multilateral, national and individual levels. It increases vulnerability and insecurity. We need to consider not only value and work but fair societies and the existential threat of climate change.
2. Old paradigms and distinctions like formality/informality, agriculture/industry, employer/employee are being questioned. We need new lenses to look at interactions. Art is an important way of achieving greater fulfilment. It can help reducing conspicuous consumption.
3. Policies play a role. Data needs to be collected to inform them and ensure accountability.
4. None of these issues can be solved in isolation. The SDGs provide a comprehensive framework. The UN provides a space to discuss and to create the right framework, looking at interlinkages, synergies and trade-offs.