

Second Meeting of the  
**United Nations Economists Network (UNEN)**  
***Shaping the Trends of Our Time***

Wednesday, 30 October 2019  
9:00 – 12:00

Mr. Elliott Harris, Assistant Secretary-General of the Department of Economic and Social Affairs and the Chief Economist of the United Nations, opened the second meeting of the UN Economists Network, outlining four key objectives of the meeting: a. invite comments on the draft outline of the Report of the UN Economists Network, entitled “Shaping the Trends of Our Time”, commemorating the UN 75<sup>th</sup> Anniversary, as was shared earlier with the UNEN members of; b. discuss the structure of the Report and the division of labour among the Network members; c. set a timeline for the submission of first drafts, and d. discuss how the Network will engage with UN country teams.

**Key decisions:**

The proposed report, as discussed in the meeting, will comprise of six chapters, an introductory narrative and five substantive chapters analyzing five megatrends affecting SDG implementation. The total length of the report would be around 175-200 pages, focusing on the imperatives of sustainable development beyond economic growth. The report, using available data and analyses, should present a forward-looking strategy and attract as broad an audience as possible.

The chapters of the report will be as following:

- Narrative outlining the objective of the report, the choice of 5 megatrends, the interactions between short- and longer-run policies and their impacts on megatrends over time and the role of the UN;
- Demographic trends, focusing on challenges related to ageing;
- Inequalities in many forms and manifestations;
- Technology (circumscribed to frontier technologies);
- Climate change and environmental degradation ; and
- Urbanization.

**Next steps:**

- First drafts should be ready by the end of March 2020 and final drafts by July 2020 for printing.
- The participating members of the Network would receive a template from the Office of the Chief Economist so that they could identify their contributions to the report.
- Once responses from the Network members are received, lead or co-lead for each chapter of the report would be identified.
- Given the timeframe, the report would review, and make use of, the existing body of work and see how they can be presented with clear policy messages.
- Participating members of the Network should identify how their existing and on-going research could be used in this report.
- There would be peer reviews of the draft chapters.

## General discussion:

### Context, structure and approach of the report

- Participants underscored the need for clarifying how the report would relate to the 75<sup>th</sup> Anniversary of the UN. Will the report look at challenges the world faces today, or look at past trends and their SDG impacts? There was a broad understanding that the report should highlight sustainable development challenges and explain how the megatrends – individually and together – further complicate or facilitate the achievement of the SDGs.
- The report should take on board historical contexts and the evolution of multilateralism. The UN began its journey with a vision to create an international economic system that facilitated peace, reformed governing mechanisms, addressed imbalances and ensured national policy autonomy. The report, against this historical backdrop, could consider the economics of multilateralism and address what is required today to foster peace and stability.
- The UN should be at the front and centre of the report, as transboundary aspects of the megatrends require collective efforts. The UN and multilateralism must play a central role in facilitating difficult discussions regarding the sustainability of economic growth facing the limits of planetary boundaries.
- The UN must continue to highlight the key sustainable development challenges, explain how countries have dealt with them in the past, what data and evidence countries need to undertake policies to solve them in the future and help develop a narrative to build political support and facilitate the exchange of experiences.
- The report should incorporate a risk perspective, identifying what is certain and could be minimized or avoided and what should be accepted as given to guide collective policy options. Examples of co-benefits should be highlighted, for example that of climate change mitigation on health. In areas where collective action is required, the report should identify the reasons for failures and consider the interaction between long and short-term.
- There should be a general agreement in framing the key messages of the report. Will it show a new direction of the megatrends, analyse the political economy factors behind the trends, or identify the power imbalances among countries? What can be done to change the trends, given the current situation, or what should or could happen?
- It was suggested to reframe the outline of the report along the SDGs. The WEF has launched already 5 reports on megatrends, and the metric they use is growth. The value added of the report would be to frame them instead around the SDGs and focus on second order effects.
- The relevant part of the report – focusing on how to shape the mega trends – should present bold, or even controversial, suggestions. For example, the world must end its dependence on fossil fuels at some point and the report could identify how countries could achieve it in a predictable manner with minimum economic and social disruption. The recent experiences of Chile and Ecuador, for example, show that eliminating fossil fuel subsidies is difficult. The report should also address the difficult issue of carbon-pricing.
- It was also suggested that the report could incorporate back-casting exercises until 2030 or 2045, showing that 149 countries would grow at a pace less than their population growth rates and face cyclical challenges, such as growing debt.

### **Common understanding of the mega trends**

- There is a need for a common understanding of the megatrends for the purpose of this report. Mega trends are long-term trends, which cannot be changed in the short term. Mega trends, as discussed in the report, are thus exogenous in the short run. There is thus a distinction between managing the impacts in the short term and shape the trends in the long term.
- The SDGs are affected by many megatrends, which are exogenous to policy-making in the short-run. Shaping the mega trends, as such, requires a longer-term perspective. The report should present the source, transmission mechanisms of the megatrends and how they interact with each other. It will show how the impacts of the megatrends have been addressed by countries in the short-term. In the longer term, countries need to guide the pace and trajectory of the megatrends to achieve sustainable development.
- The report should, however, clearly delineate trends and outcomes. Inequality, hunger, market concentration, labour issues are outcomes of bad policies. It would be important to analyse the megatrends as a result of policy evolution and identify the lessons learned and the best practices.
- It should identify a narrow set of global policies that can address issues that national policies cannot address. It should suggest policy options to mitigate, facilitate or anticipate the trends so that their effects can be optimized in the long-term. Policy options – as presented in the report – should highlight principles and showcase interlinkages and spill over effects. It should also identify the co-benefits, trade-offs between mega trends and policies to address them in the short and long-term.
- The report would also need to clearly explain the choice of the five megatrends. There are other trends – a. the secular fall in productive investment, and secular stagnation; b. financialization and hyper deregulation, and; c. market concentration – that are equally important, affecting SDG implementation.
- It may consider highlighting some of the positive megatrends: a. dematerialization of economic growth; b. growth in the financial flows directed to green growth, and; c. shrinking global poverty and the role UN played in shaping these mega trends. This could balance the rather pessimistic view of the report. There were, however, concerns that poverty is not necessarily trending downward everywhere.

### **Addressing Inequality**

- There were questions about the type of inequality – within or across countries – that the report should review and analyze.
- It was pointed out that inequality is not completely exogenous to policy interventions. Past economic models accepted inequality as an inevitable outcome for achieving higher growth and reducing poverty. But now the outcome has become so large that it is a mega trend.
- There are, however, examples of successful national policies that managed to rapidly reduce inequality, but they often proved to be unsustainable.
- Discussions on the inequality, poverty and growth triangle again underscored the need for distinguishing outcomes and trends and addressing different kinds and manifestations of inequality.

- There were suggestions to highlight the role of political economy in explaining inequality, including inequality in opportunities and outcomes and include, among other issues, gender and rural/urban dimensions of inequality. The report should also highlight regional dimensions and variations in inequality.
- Inequality reflects the dominant development model, which has weakened the role of the state and created massive inequality and unrest. It threatens the environment and does not create sufficient number of jobs. It would be important to address the issues of the model in a comprehensive way and the model needs to be challenged. It was argued that macroeconomic models produce unequal outcome and as such, the report should highlight the need for fiscal reforms.

### **Other issues**

- There were observations that macro-financial issues are crucial, including financing for sustainable development and global coordination challenges, to mobilize resources. It would be important for the report to analyze the type of public-private relations that societies would need in the future and the broader role of public policy for accelerating SDG progress.
- The discussions on technology should address the critical issues of access to infrastructure and R&D expenditures. Policy-making and its evolution over time helped R&D increase in the private sector in many countries, which have, in turn, affected the megatrends and market concentration.
- There should be also discussions on the importance of engaging intermediaries in platforms and networks to gather data and information to inform policy choices.
- Increasing market concentration pose a significant challenge to sustainable development. There were views, however, that technology plays an important role in increasing market concentration. It was also observed that the issue of market concentration is too large to deal with in this report.
- It was also suggested that the UN should play a more robust role in establishing the rules of the game in technology transfers and bridging the technology divide. A new framework for engagement at the global level is needed.
- The global labour market transformation was identified as another mega trend, with new forms of employment and supply chains reshaping markets. Given that 60 per cent of people work in the informal sector, social protection and fiscal policies as solutions may not apply to the informal sector.
- History of population trends shows a degree of uncertainty in demographic transitions. At present, population is growing globally, but getting older, increasing working age population and demographic dividends for economic growth.
- There was suggestion to discuss global green new deal in the report and a policy package to mobilize resources. The need for public policies after the wave of privatization was highlighted.
- From the point of view of statistics, location is becoming very important and integration that will give space to targeted policies. Globalization and digitization are pervasive. There is also a big shift in power to MNE from small and medium enterprises. There is a devolution of power from national to regional levels. There is a shift in the power of countries and a high concentration of power.

- There were observations that economic ideology has changed drastically in last 75 years, thus political will – or the lack thereof – remains a key challenge to inequality, taxation, capital markets and market concentration.
- Service or knowledge-oriented economic activities are giving rise to a new economy and shaping many of the mega trends. The new economy must be steered in the right direction to foster sustainable development. There is a need for identifying appropriate policy matrices to access policy outcomes.
- Issues of labor market trends, macro-financial issues and market concentration – and other topics discussed at the meeting – can be separately addressed in thematic issue briefs to alternative views on macroeconomic policies and how various policies shape these other megatrends.

**Summary of the discussion by the ASG:**

- The report should be forward-looking, present a clear vision for shaping the mega trends and managing their impacts on sustainable development. It should offer a critique of the mainstream economic policies of the past. It should be about sustainable development, focusing on co-benefits and trade-off of various policy options.
- The complex issue of Inequality – and its multifarious effects – should be analyzed as an outcome of various mega trends and policies.
- There should be a clear attention to the inter-linkages between short and long-term policies, as short-run policies can have significant impact on long-term trend.
- Urbanization should be addressed as an additional mega trend – but how to deal with it in relation to other trends would need to be worked out in further details.
- UN role in the past, current and future should be discussed up front in the context of each mega-trend. The report should highlight the role of the UN in coordinating national actions for managing mega trends – both positive and negative – and helping each country generate positive outcomes through increasing complementarities and synergies among policies.
- Part one of the report should examine what we did and what we could have done in managing the mega trends, but part two should focus on what we should do to accelerate progress on all three – economic, social and environmental – dimensions of sustainable development.
- Global labour market transformations, market concentration, macro-financial trends do not necessarily affect all countries in the same manner, as compared to the impacts of climate change or demography. These issues should be addressed in individual short issue briefs.