
Topics and background information

Innovation, jobs and clean growth

[Green growth and innovation](#)

[Financing future growth](#)

[Future of capitalism](#)

[Unleashing innovation](#)

[Trade, jobs, innovation](#)

[Green growth and energy](#)

[Green jobs: myth or reality?](#)

[Business ethics: restoring trust](#)

[Matching skills to jobs](#)

[Preserving scarce resources](#)

Innovation, jobs and clean growth

Forum 2010 is taking place as the world economy begins to emerge from its worst crisis in modern times. But the recovery remains fragile with high unemployment and public debt levels. Persistent high unemployment for years to come is a major risk, with many of the unemployed drifting into long-term joblessness. This needs to be addressed urgently.

The Forum on 26-27 May, and the meeting of the OECD Council at Ministerial Level (MCM) on 27-28 May, will be looking at ways to develop a new model of sustainable, green growth that can deliver economic progress while combating climate change and improving quality of life.

Policies to achieve a solid, lasting recovery should ensure that the unemployed are drawn back into work, but should also contribute to more sustainable and balanced growth over the longer term. Innovation and green growth are inextricably linked in prospects for recovery across the globe.

Innovation is a key driver of any future sustainable growth, not just in terms of new scientific discoveries but also new ways of thinking and getting things done. But what policies can best ensure that high expectations of innovation and green growth are met? These will consist of a mix of regulation, financial support for R&D and education, and carrot-and-stick measures such as tax incentives and/or fines. To develop the right regulatory and policy mechanisms it is essential to ensure that a dynamic business, trade union, civil society and knowledge community is consulted and ready to work together to take on these challenges. It is key to learn from existing best practices across the world, but also not to repeat mistakes.

But no new growth can be sustainable unless we can restore trust in the system and in the way government and business operate. The crisis has demonstrated that transparency and integrity are central to the health and stability of our systems and restoring trust needs to be central in our strategies for recovery. But what progress has been made in this area? Or are we already returning to business as usual?

The Forum is an opportunity for debate involving all sectors of government and society on how to make a green, "clean", smart, and inclusive recovery happen.

The MCM on 27-28 May will be discussing the new OECD Innovation Strategy, as well as a preliminary report on a new "Green Growth Strategy" due for final delivery in 2011. Both strategies are closely interlinked. Policies to foster innovation and green growth must be

cross-cutting, coherent and coordinated in order to be effective, and should encompass a range of policy domains: from education, skills and employment policies; to science, technology and research; framework conditions; infrastructure and investment; and public sector policies and governance.

Forum 2010 will offer an invaluable opportunity for civil society, business, labour and academia to directly interact and debate with ministers on what inclusive policies on innovation and green growth might look like.

Please find set out below a short description of the themes that will be the focus of the Forum 2010 panel discussions:

Green growth and innovation

The crisis has convinced many countries that a different kind of economic growth is needed to ensure sustainable economic, environmental and social progress for the future. Together with innovation, going green can be a long-term driver for economic growth.

But what would "green growth" actually look like? How do we encourage the use of green technologies and make eco-innovation more systemic?

What can business, trade unions and civil society do, and what do we know about consumer and market demand for greener products and services? By bringing together analysis of economic and environmental policies, by looking at ways to spur eco-innovation as well as addressing other key issues related to a transition to a greener economy such as jobs and skills, investment, taxation, trade and development, the OECD can show the way to make a cleaner low-carbon economy compatible with growth.

The OECD is addressing these issues by developing a green growth "policy toolkit" focusing on issues such as green jobs and the social aspects of green growth, green taxes, industrial restructuring, green technologies and indicators, not forgetting improved efficiency in use of energy and resources.

But "green growth" is not something the OECD can develop alone; it cannot work without the involvement of all stakeholders.

For more information:

[OECD Messages on Green Growth](#) , [OECD Declaration on Green Growth](#)

www.oecd.org/greengrowth

www.oecd.org/innovation

[Meeting of the OECD Council at Ministerial Level 2009](#)

OECD publications:

[Costs of Inaction on Key Environmental Challenges](#)

[OECD Environmental Outlook to 2030](#)

[OECD Innovation Strategy](#)

→ [Top of page](#)

Green growth and energy

Many believe that an "energy revolution" is needed to decarbonise energy supply - currently heavily reliant on fossil fuels - in order to cut greenhouse gases. Since energy currently accounts for 84% of global CO₂ emissions, the greening of the energy sector will be a key element of any green growth strategy.

But what would a sustainable energy future look like? For many people, renewable energy comes to mind in this context. Renewables can contribute to multiple policy objectives including reducing CO₂ emissions and local pollution and improving energy security. Renewable energy currently accounts for 18% of global electricity generation and 1.5% of global transport fuel consumption. Much could be done in OECD and emerging economies to improve policies and encourage renewable technologies.

But new or alternative sources of energy are only part of the answer. Greater energy efficiency is another important component of any sustainable energy future. Investing in energy efficiency more than pays for itself in lower energy costs, increased energy security and lower environmental impact. Governments are already implementing a wide array of energy efficiency policies but more could be done in key areas such as buildings, industry and transport.

What is the future role for fossil fuel and nuclear power, a large-scale energy source that could provide around 25% of global electricity with almost no CO₂ emissions? What energy mix is the right one for the future? The answer is an integrated mix of policies. Energy efficiency, renewable energy, carbon capture and storage, nuclear power and new transport technologies will all be needed if we are to achieve a sustainable energy future.

For more information:

www.oecd.org/energy

www.oecd.org/greengrowth

www.iea.org

www.nea.fr

www.oecd.org/env/cc (climate change)

Observer articles :

[Coal Light of Day](#)

[Transforming the Global Energy System](#)

→ [Top of page](#)

Preserving scarce resources

Combating climate change and achieving sustainable green growth are not just about reducing mankind's carbon footprint. We also need to think about making best use of all natural resources.

This means making sure that we do not waste valuable, finite natural resources such as water. Clean drinking water is a basic necessity, but water can also be wasted or polluted by agriculture and other uses. Efficient use of resources is also attractive because it reduces negative environmental impacts and increases the competitiveness of the economy.

One key challenge is to improve the overall environmental performance of products throughout their life-cycle, to boost design and demand for better products and production technologies and to help consumers in making informed environmental choices.

It is equally important to ensure that we do not waste valuable, finite natural resources, for example, by using them as low-value packaging materials, that we value water more, and do not waste food that has been produced using land, pesticides, water and energy.

The crisis is an opportune moment to re-assess and reform policies that are both economically costly and environmentally damaging. A key element in policy reform for green growth is to remove environmentally harmful subsidies, especially for fossil fuel production (still prevalent in some OECD countries), consumption (especially in some emerging economies and developing countries) and for environmentally harmful agricultural production. It would save money for governments and taxpayers, and shift the economy away from activities that pollute and over-use natural resources.

Unleashing innovation

Supplying new sources of economic growth, job creation and addressing global challenges such as climate change, health, food security and the scarcity of clean water, will be driven by innovation. Governments, business, trade unions and civil society all have a role to play.

Innovation encompasses much more than research and development (R&D). It is also about innovative ways of thinking, new systems and new ways of doing things. Innovation rarely occurs in isolation; it is a highly interactive and multidisciplinary process and increasingly involves collaboration by a growing and diverse network of stakeholders, institutions and users.

This is a challenge for policy as a more systemic approach is necessary.

What types of approaches and innovation strategies are governments putting in place? How can governments create an environment for more open and transversal collaboration on innovation? How should countries implement innovation strategies in today's financial environment?

The OECD Innovation Strategy is being unveiled at the meeting of the OECD Council at Ministerial Level (MCM). The objective of the OECD's Innovation Strategy is to facilitate the process of policy development by providing evidence, approaches and recommendations for policy makers.

For more information:

www.oecd.org/innovation

→ [Top of page](#)

Financing future growth

Who will finance future growth as economies recover from the worst crisis in half a century? Government stimulus programmes and rescue packages have led to a sharp deterioration in public finances, and now governments need fiscal recovery plans to reduce debt burdens before long-term pressures (especially ageing and health care) hit with full force.

A return to sustainable growth and a lasting recovery will require longer-term financing. How will the recovery balance the public and private sector's roles in financing growth and longer-term development?

There is considerable scope to improve the efficiency of government spending and innovate in the delivery of public services – in the case of the latter, new financing options may also be considered. But many policy actions that can help strengthen innovation do not require additional or significant public investment. These include reforms of the framework conditions that support innovation, such as removing regulatory barriers to innovation and entrepreneurship, including administrative regulations, as well as pro-growth tax reforms. Better use of public procurement can also be effective, in particular when government is a large consumer. Demand is closely linked to supply, however, and supply-side policies are necessary to create the conditions for business to innovate.

Governments need to reduce their debt levels, but private financing will not be forthcoming unless confidence in financial markets is restored.

International investment - a major driver of world growth - declined by over 50% globally in 2009 and international merger and acquisition (M&A) activity was a third of the level reached in 2007. Developing countries had shown resilience during the crisis, but what are the longer term implications? Will the BRICS economies, particularly China, India and Brazil continue their solid growth?

Investment must be forthcoming from the private sector, notably in the area of longer-term investment for infrastructure as well as for entrepreneurial and innovative firms and projects. Access to finance is a key constraint for business-led innovation, which is more risky and may require a long-term horizon. Financial markets should continue to provide sufficient room for risk taking, long-term investment and entrepreneurship, all key drivers of innovation.

For more information:

www.oecd.org/crisisresponse

www.oecd.org/economics

www.oecd.org/governance

[The global economy and the global investment agenda – an OECD Perspective](#) (speech by OECD Secretary General, Angel Gurría)

Observer articles:

[Is financial stability enough?](#)

→ [Top of page](#)

Green jobs: myth or reality?

The current economic crisis has led to record unemployment in many OECD countries amid fears of a jobless recovery. Where do short and long-term recovery and job creation fit in with efforts towards green growth and a low-carbon economy? What is the potential for new job opportunities arising from an innovation-driven green growth economy, and how can we make sure this potential is realised? The Green Growth Strategy aims to bring a whole-of-government perspective, including the role that labour market and social policies can and should play in promoting the transition to a low-carbon economy and assisting workers in the process.

And what is a “green job”? Definitions are still unclear. It is nonetheless clear that some policies can contribute both to tackling the jobs crisis and to achieving green growth. Many of the fiscal stimulus packages OECD countries have introduced to sustain growth include investment in environmentally-related projects. These initiatives often have an important jobs dimension.

But in the longer term, the labour market impact of the transition to a low-carbon economy will be more complicated than simply adding so-called “green jobs”. While changes will create new jobs, providing new opportunities for many workers, some existing jobs will be eliminated and many others will be transformed, as skill sets and work methods adjust to the needs of a greener economy.

It will be crucial to enhance the adaptability of our labour markets if we are to succeed in the transition towards a low-carbon economy. The OECD Reassessed Jobs Strategy provides a comprehensive framework for promoting greater labour market adaptability to achieve high rates of employment and rising job quality. We still have much work ahead of us to identify how best to apply the general principles contained in the Jobs Strategy to the specific challenges posed by the transition towards green growth.

Policies aimed at reconciling high labour mobility with income security – such as the need to combine adequate unemployment benefits with effective activation measures – represent a first critical area for action. These policies will be key to ensuring that the large redeployment of workers, which will be required to support the transition to green growth, can be achieved relatively quickly and smoothly. They are also needed to ensure that the inevitable costs of the transition are not unjustly concentrated on a minority of unlucky workers. This, in turn, is also a precondition for building and sustaining political support for green growth.

For more information:

www.oecd.org/greengrowth

www.oecd.org/employment

Observer articles:

[Any collar you want](#)

[Jobs are the bottom line of the global crisis](#)

[Roundtable on the jobs crisis](#)

[Jobs crisis](#)

→ [Top of page](#)

Matching skills to jobs

A new green growth model for lasting economic recovery and social progress can only work if people are ready to undertake the new jobs and manage the new technologies it creates. Innovation is at the heart of green growth, and human capital is the essence of innovation. To ensure that people and societies are ready to take up this challenge, we will need to ensure that they have the basic education and skills that can be built on to acquire new skills in a fast-evolving world. We need to be able to learn and apply new skills throughout our lives. Education and training systems will need to be revisited to ensure that they can meet these new demands.

Universities, colleges and vocational training centres are essential nodes in the system of innovation, acting as bridges between players – businesses, governments and countries. Communication of business and research needs between these players is essential to ensure that effective training and/or re-training programmes are developed for new emerging jobs and technologies.

Integrating entrepreneurship and innovation into education and training at all levels including primary, secondary, vocational education and university curricula, is critical for building the skills and capabilities needed for the 21st Century. Education and training policies can help foster an entrepreneurial culture by instilling the skills and attitudes needed for the future.

Future of capitalism

The financial, economic and social crisis has called into question long-standing conventional economic wisdom. Confidence in the globalised free-market economic model of capitalism has been undermined. There have been calls for fundamental changes that rule out any prospect of a return to “business as usual” once recovery is assured. Can we make the current system work better or is there a case for going back to the drawing board?

Work has begun on revisiting and reforming regulatory systems for improved governance of an interdependent global economy and its risks. But new rules alone cannot ensure sustainable growth and quality of life; we also need to ensure that the rules are implemented, and that the overall system is one that works.

Questions are also being asked about whether we are measuring the right things when assessing the health of our economies and societies. Should we be paying more attention to quality of life indicators such as education, health, housing, transport as we face the risk of a jobless recovery?

The failures of the previous paradigm require careful analysis if we are to define what a new model of innovative sustainable growth would look like. Certainly the new capitalism needs to be cleaner and more socially- and environmentally-responsible with engagement and responsibilities for all sectors of society. Sustainable economic and social progress must be the drivers for long-term low-carbon growth.

But how to ensure that these questions are not forgotten as the recovery takes hold? How can we ensure that policy makers and business are not distracted by signs of recovery and do not lose sight of the longer term?

For more information:

[OECD Policy Framework for Effective and Efficient Financial Regulation](#)
www.oecd.org/finance (financial markets)

Observer articles:

[Consolidating the recovery](#)

Business ethics: restoring trust

Trust in both government and business is at an all-time low. The crisis has demonstrated how transparency and integrity are central to the health of our economies and their stability. Failures in business ethics were one key contributing cause of the financial crisis.

Since the beginning of the crisis we have heard many calls for new rules of the global financial and economic system, including incentives to more propriety in business behaviour. The crisis was regarded as an opportunity to build the foundations of a new business culture; more ethical and responsible. In early 2009, the Italian G8 Presidency launched the concept of Global Standard or Lecce Framework, a set of common principles and standards for propriety, integrity and transparency in international business and finance, building on the work of the OECD and various other international organisations.

But what progress has been made to restore trust?

The OECD has been working for decades to build sound, reliable and multilaterally-agreed principles and standards for business ethics, such as the Guidelines for Multinational Enterprises, the Corporate Governance Principles, and Guidelines for State-Owned Enterprises, as well as the legally binding Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

But how do we ensure that these OECD instruments are kept up-to-date and on top of everyone's minds to help prevent future crises? How can we make these guidelines, frameworks and general recommendations more effective? The OECD is working with key stakeholders to revisit the various instruments in its "clean globalisation" armoury, including those mentioned above, to make them more effective and relevant.

Private sector efforts, such as socially responsible investment and civil society initiatives, can complement these inter-governmental efforts. Building new rules for the post-crisis global economy - with business ethics at the centre of any new road-map for the global economy - is a task that demands a collective response and initiative from governments, the private sector, civil society and international organisations.

For more information:

www.oecd.org/corporate

www.oecd.org/daf/investment/guidelines

www.oecd.org/daf/nocorruption

www.oecd.org/globalstandard

→ [Top of page](#)

Trade, jobs, innovation

Increased international trade is an essential source of growth, development and, ultimately, economic well-being. Open economies achieve higher levels of economic growth and create jobs – an increase in the share of trade in GDP of one percentage point raises the income level by between 1% and 3%. So keeping markets open and world trade flowing during the recovery phase is a crucial priority. So far, world leaders have shown resolve in meeting these objectives.

Protecting our markets does not mean protecting our jobs. Experience shows clearly that protectionist policies are counterproductive, temporarily saving jobs in vulnerable sectors often at the expense of higher paying jobs in competitive sectors of the economy. Delaying inevitable adjustment almost invariably translates into greater longer-term hardship than would be the case if policies of market openness were pursued.

One way to ensure that the trade recovery is not interrupted by protectionist measures is to bring the Doha Development Agenda (DDA) to a successful conclusion. This would have the benefit of preventing backsliding, bringing much needed stability and predictability to international markets, improving business confidence, and would, through further opening, give impetus to the recovery.

Trade policy also needs to play a key role in supporting innovation and green growth, including by working towards the elimination of tariffs for trade of low carbon technologies and environmentally friendly products and services.

For more information:

www.oecd.org/trade

www.oecd.org/agriculture

www.oecd.org/trade/xcred (export credits)

www.oecd.org/trade/dev

www.oecd.org/trade/env (environnement and trade)

[Trade, innovation and growth](#)

→ [Top of page](#)