

United Nations Economists' Network (UNEN)

(Summary of the discussion at the first meeting of the UNEN held at UNHQ on March 13-14, 2019)

The first meeting of the United Nations Economists' Network (UNEN) was held at UNHQ on March 13-14, 2019. It was attended by representatives from UN-DESA, UNDP, the Regional Commissions, UNCTAD, ILO, UNEP, UNRISD, and UNU (Merit). Some of them joined via VTC. The following provides a brief summary of the discussions and decisions of the meeting.

Opening Session

Mr. Elliott Harris, ASG and UN Chief Economist chaired the session and began by explaining the background and purpose of the meeting. He noted the SG's desire to see the United Nations assume a leading position in global policy making. He noted that the UN had the capacity to do so. UN's emphasis on three dimensions – economic, social, and environment – provides it a unique advantage. However, it is necessary for the United Nations to prove this capacity by producing expected output. UNEN has been set up to facilitate the above goal. In addition to providing intellectual leadership on development thinking, UNEN is also expected to serve as a resource for UN country offices in finding answers to practical questions they face. This network will work mostly in the virtual world, communicating through e-mails and other digital means. However, efforts will be made to have at least one physical meeting in a year. He noted that the meeting would identify the themes of common interest and organize joint work on them. Mr. Harris chaired all the remaining sessions of the meeting.

Session 1: Stock taking: who is doing what? Global mega trends and their implications for SDGs

Mr. Harris began by noting the following four issues that he thought were important: (i) poverty-inequality nexus; (ii) new economics of sustainable development; (iii) social protection; (iv) decoupling of growth from resource requirement. Other important issues include: frontier technology; taxation and illicit financial flows; trends in development cooperation; migration; and aging.

UNRISD representative informed that it focused on three areas, namely (i) traditional social policy; (ii) gender and development; and (iii) social policy implications of climate change and environmental processes, including distributional impact of mitigation strategies. It found the idea of "new economics of sustainable development" to be inspiring and noticed that UNRISD worked on Social and Solidarity Economics (SSE) too.

UN-DESA/EAPD/DRB representative drew attention to the different production function of the digital economy, with zero marginal cost, increasing returns to scale, and data as the main input. The demand for both capital and labor would fall, traditional Incremental Capital-Output Ratio (ICOR) would not be useful. Countries with more data will have greater comparative advantage in this economy, and natural resource dependent economies will be impacted negatively due to decoupling.

UNDP representative informed about its work in the areas of (i) macroeconomics of sustainable development; (ii) Pathways to Peace study; (iii) further promotion of the human development approach; (iv) inequality and migration; and (v) climate change and nature-based solutions. He

proposed following three criteria for choosing topics: (i) gaps in integrated analysis; (ii) gap in policy advice; (iii) areas witnessing shifts.

ECLAC representative advocated for an integrated approach and macroeconomics of development, instead of just “stability.” He asked how social protection could be universalized, in view of the (i) effects of technology and (ii) gaps in inclusion.

UNCTAD representative informed about its work on (i) SSE (together with UNRISD); (ii) trade and investment reform; (iii) promotion of industrial policies; (iv) sustainable Global Value Chains (GVC); (v) frontier technologies; (vi) financing for development; and (vii) trade under 2 degree centigrade.

UNEP representative informed about its work in the areas of (i) micro analysis of contribution of ecosystem; (ii) macro-economic work on integrating natural capital in national income accounting, showing that per-capita wealth (including natural capital) has been decreasing; and (iii) environmental impact of poverty reduction. He noted that the current approach was static, sectoral, and partial, and it was necessary to overcome these limitations.

ILO representative informed about the Global Commission’s report on the Future of Work, which would be converted into a declaration. Three main areas covered in this report include (i) investment in human capability; (ii) guaranteed work opportunity; and (iii) formulation of new rules of the game, including adoption of new measures of well-being, going beyond GDP.

UNU (Merit) informed about its focus on social impact of new technologies; structural transformation (in Africa); GVCs and the impact of new technologies on GVCs, and the current development paradigm.

NY Representative of RCs noted that UNEN needed to produce outputs at two levels: (i) higher level, such as new economics of sustainable development; and (ii) practical level, meeting member countries’ demand for concrete policy recommendations. Having an effective communications strategy to disseminate these outputs would be important.

Other views expressed and information shared at this session include the following:

UNEN should serve as a backstop for UN country teams, and the chief economists of these teams eventually should become part of UNEN.

IMF has decided to include SDGs as part of its Article-4 consultations.

The proposals made in the Future of Work study have not been costed yet. IMF can help to do so, and ILO can collaborate with IMF in this regard.

Messages coming from different UN agencies are sometime undercutting each other, reducing their effectiveness. It is necessary to have greater cooperation.

UN-DESA’s WESP is a collaborate effort, involving the regional commissions and UNCTAD. WESP is now paying attention to social and environmental issues too.

GEO-6 report is out, and it is necessary to harvest the synergies that exist among different UN agencies. The System of National Accounts (SNA) is yet to be updated to include the environmental accounts. The Statistical Commission may be requested to complete this updating sooner (instead of 2025) so that it could serve as an effective tool in achieving SDGs.

Economic growth is failing to impact employment and inequality positively. It is necessary to go “beyond GDP” and to put inequality in the utility function. The nexus between inequality and debt needs to be considered. Most of the credit has gone to finance personal and government consumption. SDGs may be grouped under the following headings: (i) basic human rights; (ii) developing human capacities; (iii) enabling infrastructure; (iv) safe environment; and (v) living in harmony.

Regarding future of work, following three broad areas may be considered: (i) assessment of the economy; (ii) policies (e.g. fiscal); institutional position on policies; (iii) cross-cutting themes, such as technology.

“Position papers” rather than “reports” may be more effective for communication and dissemination. UNEP’s Inclusive Wealth Report is enlarging its scope from 140 to 190 countries. It offers a classification of capital. Others have offered a differed taxonomy of capital. It is necessary to agree on a common taxonomy. Also, different estimates (of different types of capital) have been offered. It is necessary to agree on some common estimates.

Session 2: Common challenges: Regional perspectives. Cross-cutting issues: Aging, social protection, data and measurement

The session began with Mr. Harris offering the main takeaways from Session 1. He thought that the following issues emerged to be important:

- 1) New economics of sustainable development (social and solidarity economics; macroeconomics for development; circular economy; beyond GDP, etc.)
- 2) Technology (technological progress with human in command, with protection of human rights, and social protection)
- 3) Social protection
- 4) Future of work
- 5) Inequality
- 6) Trade and investment (including Global Value Chains)
- 7) Financing for development (taxation; investment financing)
- 8) Decoupling (natural resource implications of growth)
- 9) Migration
- 10) Measurement and data

The points made during the discussion at this session include the following:

The world is rebalancing from north and west to south and east. This geo-political shift has effect on all. The SG considers this shift as important.

Rising economic inequality is behind the rising nationalism. Inequality is creating economic insecurity. We don't have good measure of insecurity. Debt level can be one such measure, but it is not perfect. Conflicts are increasingly over (i) land; (ii) forests; (iii) water; and (iv) natural resources. Conflicts are caused by social metabolism and they can be addressed by policy tools.

There have been interesting changes in viewpoints under the impact of recent developments. For example, G-77 was previously critical of WTO. Now it is supporting WTO.

China has changed the rules of the game. It has huge resources that it can deploy behind its strategies. China is helping to meet the infrastructure gap in many developing countries. BWIs have by and large withdrawn from infrastructure financing, creating a vacuum. China is filling that vacuum. Roads, railways, ports, etc. that China is helping to build are bringing the world closer. Thus, China is helping to achieve SDG 9.

There are criticisms of China's investment, including the allegation that it is creating debt trap and allowing China to acquire physical assets in foreign countries through debt-equity swap. However, these allegations may be overblown. For example, Debt to China is only 10 percent of Africa's overall debt to foreign countries.

Collateralization and debt-equity swap by China is not necessarily bad. It is possible to help developing countries to better debt structure, which they can apply in borrowing from China.

Four mega trends are: (i) demography, (ii) climate change; (iii) technology; (iv) inequality. Gender, etc. can be considered as cross-cutting issues. The UN will be 75 next year. An analysis of these trends and projections for future can be a good way to celebrate this anniversary. Such a project will require resources. Others are ahead of us on this topic. Many Nobel Laureates may be willing to lend their cooperation to this effort. There is still support for multilateralism. Analysis of mega trends can provide the basis to consider new economics of sustainable development. Instead of calling for new economics of sustainable development, we may call for "new multilateralism."

There was back and forth on whether technology can be treated as a cross-cutting issue rather than just one of the four trends.

There was also discussion about whether to engage outside consultants and, if yes, at what point. Some thought that outside consultants should be brought in only after UNEN members have produced the draft, so that it will be a UN product and not a product of Nobel Laureates. Others thought that it might be too late if they were brought in after drafting had been done. There was also the suggestion to form an advisory body (instead of a commission) which will be engaged with the process from the very beginning.

It was generally felt that a study of mega trends can provide a foundational document. However, it is necessary to produce another kind of output giving policy advice to deal with current problems and issues, particularly in relation to SDG implementation.

A suggestion was made that, instead of producing a collection of say 10 such concrete policy-oriented pieces, it may be better to produce a synthetic document, which will have more appeal. Such a document may focus, for example, on doing a costing exercise for SDGs (until 2030).

Session 3: Emerging demands for new research and policy analysis: Where do we stand and how do we best respond to changing demand? Outlines of a joint work programme

The session began by Mr. Harris offering a summary of the discussion of the previous session. He listed the following as themes that emerged to be important: (i) technology; (ii) social protection; (iii) gender; (iv) inequality; (v) data and measurement; (vi) financing; (vii) multilateralism. Among cross-cutting issues, he noted (i) insecurity; (ii) loss of trust in institutions; (iii) nationalism; (iv) geo-political rebalancing. He listed the following as issues to be considered:

- (i) Measuring and understanding social insecurity; automation; AI; Future of Work;
- (ii) Rules-based multilateralism; issue of alternatives;
- (iii) Financing for SDGs; taxation; incentives; infrastructure investment; Belt and Road Initiative (BRI); debt-sustainability;
- (iv) Global rebalancing; China's rise; multilateralism;
- (v) 75th anniversary of the UN; 4 mega trends (demography, climate change, technology, inequality); scenario and future planning; group of eminent persons;
- (vi) New economics for sustainable development; new model of development not dependent on trade.

He noted that, in addition to a major study, short pieces (policy briefs) were necessary on practical issues linked with SDGs. UN has to serve as a source of high-quality ideas regarding economic, as well as social and environmental issues. Policies also have to be integrated.

ECA representative, who couldn't attend yesterday's session, took the opportunity to inform about ECA's activities. He noted that ECA was focusing on following five areas: (i) macro and governance; development planning; macroeconomic analysis and modeling in cooperation with IMF; debt/macro management; domestic resource mobilization; public finance; (ii) technology (how Africa can leapfrog); broader application of technology; (iii) regional integration and trade; (iv) gender and social development; inequality; (v) climate change. Among the cross-cutting issues, ECA was focusing on statistics. He thought that a wholistic report was needed, taking into account the unique conditions of individual countries and region. He noted that countries lacked holistic theory of change, and that they needed development plan.

At this stage of the discussion, the participants were requested to inform about what their constituencies were demanding, because this may help to decide the topics for the policy briefs. In responding to this request, representatives of different agencies shared the following information, views, and suggestions:

ILO representative noted that macro-micro incentives needed to be matched, and private sector needed to be made interested. ILO Global Commission Report suggested triple performance measures.

Constituency demands (for knowledge, information, analysis and recommendations) include: impact of digital revolution on work; skills to invest on; green economy; bolstering labor market institutions for quality; and the role of labor flows (migration).

UNEP representative thought that contextualizing was not interesting; instead integration is to be preferred. Main drivers of change are trade and investment. It is necessary to link nature with macroeconomics. Very compass of progress measurement needs to be changed. It is necessary to go beyond GDP and think of restoration, which can help in generating employment too. Nature-based solutions are needed. Unfortunately, many of the discussions are still conducted in the old framework. It is necessary to incorporate the methodology of other disciplines, such as of ecology.

UNDP representatives thought that there were three options: (i) create new theory; (ii) amplify existing theory; (iii) interpret and explain what exists. He thought that the UNDO experience suggested that UN could do better in (ii). For example, the UNDP took Amartya Sen's theory of "capabilities" and amplified it in the form of the Human Development Index (HDI), which proved successful.

UNRISD representative offered the following list of its constituency demands: (i) Inequality; (ii) technology; (iii) just distribution; (iv) cross-cutting issues that have multiplier effects; (v) impact of corporate behavior on inequality and social outcomes; and (vi) migration and refugee governance.

ESCWA representative noted that West Asia was heterogenous and wondered whether it required a different model. He noted that so far, ESCWA had mostly done "amplification." He wondered whether "governance" could be included in HDI. He asked how inequality could be analyzed from a multi-dimensional viewpoint. He thought that many myths needed to be deconstructed and global narrative needed to be changed. He further thought that more time was needed before some conclusions could be reached.

UNCTAD representative noted the following: (i) environmental and climate change issues so far were not included in UNCTAD report. Going forward however this needs to change; (ii) in terms of constituency demands, UNCTAD is generally asked to provide holistic reviews and not separate reviews of trade, investment, technology, etc.; (iii) MICs want more attention in UNCTAD's work; (iv) more attention be given to circular economy; (v) how to deploy technology, and not just existence of technologies.

Some of the information, views, suggestions that were aired during the free-flow discussion that followed include the following:

It is necessary to pay attention to how inequality is defined. Latin American countries have both long-run structural and short-run policy problems with inequality. It is necessary to know the policy tools available to developing countries to address these problems.

It is necessary for UN to show that its concept of sustainable development is better than that of BWIs. It is good to focus on "Economics of Sustainable Development" and there seems to be a consensus on that. However, about half of the people are put off by the adjective "economics."

It is not necessary for it to be called "economic"; instead we may just go for "Theory of sustainable development." Though the practice of sustainable development has gone forward, the theory hasn't.

Since the Brundtland Commission defined sustainable development in 1987, not much has happened in developing an integrated theory of sustainable development that takes into account the changes in the areas of economics, technology, environment, and society. It is necessary to close this gap, and the 75th anniversary of the UN may provide a good occasion to do that.

Participants in general agreed on a two-track work of UNEN: one focused on the Big Picture and the other focused on practical issues and offering useful recommendations.

In this context it was noted that participants were mostly economists and comprise only a subset of people engaged with SDGs. Meanwhile, the UN had created task teams for each SDG, and these teams prepared “notes,” which need to be recognized and used in preparing the practical policy briefs.

Summarizing the discussion, Mr. Harris offered the following conclusions:

- 1) It will not be an either-or decision; instead, both Big Picture piece and practical Policy Briefs (PB) will be produced. The Big Picture piece will focus on mega trends and provide the starting point for the PBs. In addition to the mega trends mentioned earlier, urbanization and migration may also be included.
- 2) We should not give up “economics;” instead we need to convince others about the superiority of our way of doing economics. We want to reestablish the UN reputation in the area of economics.
- 3) We cannot spread our effort too thin, because we have to do it without additional resources.
- 4) The Big Picture piece will be drafted by June 2020, and it will focus on the interplay among the mega trends and show how they affect SDGs and what the Member States can do to influence the outcome.

Some follow up discussion took place after the presentation of the above summary. The points made during this discussion include the following:

- It is necessary to be clear about our norms and principles. We need to have a philosophical apparatus and adopt multi-disciplinary approach.
- The UN charter provides the norms and principles, and SDGs answer the ancillary questions. The introduction to the Agenda 2030 can be useful in this regard.
- Policies should be put forward as “options,” but values need to be asserted.
- The World Commission on the Future of Work was almost evenly divided between those who thought problems were mostly “national” and those who thought they were “international.”
- Perhaps, we may go for the following formulation: “Challenges that are exogenous nationally but endogenous globally.”
- We may begin by listing the questions we want to address. Are we doing new theory or just a review? There should be a review process. We need to be specific and should work on a well-defined problem.
- We may start with a Concept Note.
- Two other mega trends that deserve attention are “poverty” and “institutions.”
- Measurement issues are also important.

- It is necessary to have more gender balance in the team.
- There should be a feedback process between the UNEN work and the work that different agencies are doing in their respective arenas.

At this point, Mr. Harris proposed that UNDESA and UNRISD will prepare a 2-page Concept Note and a 1-page time line for the Big Piece. These will be shared with UNEN members in 3 weeks.

With the issue of the Big Piece settled, the meeting focused on the topics that can be taken up for Policy Briefs. After considerable discussion, it agreed on the following list:

- 1) Beyond GDP
- 2) Debt management
- 3) Migration and development
- 4) Taxation in a digital economy, carbon tax, equity-like instruments for government financing, etc.
- 5) Nature-based solutions
- 6) Social Protection

How do we organize ourselves? Mandates, resources and commitments

It was decided that all agencies will work together on the Big Piece. As for the Policy Briefs, not all agencies are required to work on all. Instead, some agencies may be involved in the preparation of the policy briefs, the topics of which are close to their agenda. Also, among the participant agencies on a particular topic, some could assume the lead role. Based on the willingness expressed by various agencies, the following division of labor was agreed upon:

Topic	Agencies
Beyond GDP	DESA (lead), UNDP (lead), UNEP (lead), ECA, ECLAC, ESCWA, ESCAP, and UNCTAD
Debt	ECA (lead); ECLAC (lead); ESCWA (lead); UNCTAD (lead); UNDP; ESCAP; and DESA;
Migration	ECA (lead); DESA (lead)?; UNCTAD (lead)?; UNU (Merit); UNDP; and ECLAC;
Taxation	DESA (lead); UNCTAD (lead)?; ECLAC; UNDP; ESCAP; ECA; and ESCWA;
Nature-based solutions	UNEP (lead); UNDP (lead); DESA; and UNCTAD;
Social protection	UNRISD (lead)?; ILO (lead)?; DESA; UNDP; UNU (WIDER and Merit); and UNCTAD

It was also decided that:

- Lead agencies will confer among themselves and set the parameters (identifying the issues) of the study by next three weeks and prepare a 2-page Concept Note, which will be shared with all interested agencies.

- The PBs will be 4 to 5 pages long. DESA and UNRISD will supply common templates/formats that all PB preparers can follow.
- The drafts of the PBs will be ready by March 2020.
- Those who will work on PBs and the Big Piece should receive recognition.
- A letter from SG may be sent to the agency heads mentioning names of the contributors. The work on the Big Piece and the PBs may be mentioned in respective e-PAS of staff members.

Representatives of DESA Statistical Division, who joined the meeting late, informed that the May 21-23 meeting of the Statistical Commission will consider a new system of statistics in view of the new economics of sustainable development.

Mr. Harris concluded the meeting thanking all for their participation, particularly those who came from afar, and those who joined via VTC and had to stay up late in order to go by the New York time.
