THE OECD GOING DIGITAL PROJECT

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1. The Digital Transformation

2. OECD Going Digital Project – The project

3. Productivity and jobs: Some examples of what we are learning

4. Next steps
1. A wide range of new digital technologies is emerging ...

- Cloud computing
- Internet of Things
- Big data
- Artificial intelligence
- 3D printing
- Blockchain
..., that provide opportunities for all parts of the economy

- Public Admin.
- Health
- Retail
- Agriculture
- Science & Education
- Transportation
- Manufacturing
Digital Transformation challenges many existing policies, e.g. due to its high speed...

Challenges legacy policies and slow policy making - speed may promote policy “arbitrage“ strategies

Source: US Census, Wall Street Journal
... the changing nature of capital, ...

Challenges policies directed at capital and value creation, e.g. tax incentives or accounting rules, trade policy (goods vs services)
Location no longer matters, e.g. education at a distance

From ownership to services, e.g. mobility, rental

Networks – from centralised to decentralised

From employment to gigs
2. Digitalisation has been on the OECD’s agenda for some time – e.g. Ministerial Conference in Cancun, June 2016 ...
But we need a more strategic and pro-active approach to digitalisation

- Critical thresholds have been crossed
- Shift from an economic focus to socio-economic; all sectors of the economy are now affected
- Huge potential for better services and better lives
- But realisation that digitally induced change will be disruptive for many people, firms and sectors.
- In many countries, a gap between Technology (4.0), and Policy (1.5 or 2.0)
- Many national digital strategies, but few that are comprehensive and whole-of-government
Horizontal initiative across the OECD (involving all key policy areas), mandated by Ministers, to:

1. Understand the digital transformation and its impacts on the economy and society;

2. Provide policy makers with the tools needed to develop a pro-active, whole-of-government policy response;

3. Help overcome the gap between technology and policy development.
... based on an integrated policy framework ...
..., work across the OECD focused on the main policy questions ...

• Over **80 projects**, including more than 70 reports and 15 workshops
• Projects reflect the range of policy domains participating in the project, e.g.:
  - Transport
  - Energy
  - Competition
  - Tax
  - Labour & Skills
  - Digital Economy

And many others...
... and in-depth work on some key policy questions, including well-being

Jobs, skills and the nature of work

Productivity, competition & market openness

Well-being & inclusion

Measurement
3. Some learnings: The link between productivity and digital transformation

**T-Pessimists:**
- Gordon
- Cowen
- Thiel
- ...

**T-Optimists:**
- Brynjolfsson
- McAfee
- Mokyr
- Jovanovic
- ...

*Image*
Despite the slowdown, the most productive firms still manage rapid productivity growth.

The productivity gap between the globally most productive firms and other firms has widened.

Frontier firms” is the average labour productivity (value added per worker) of the 100 or 5% globally most productive firms in each two-digit industry. “Non-frontier firms” is the average of all firms, except the 5% globally most productive firms.

Some learnings on the future of productivity

- The **diffusion** of advanced digital technologies (e.g. big data, robotics, AI) in OECD countries is still underway – it will take time, especially for SMEs, and for certain sectors.

- It’s **never just about technology diffusion** – changes in organisations, business models, worker’s skills and processes will take even more time.

- The impacts of digital technologies will also require much **structural change within industries**, as digitally-intensive firms grow and less digitally-intensive firms decline.

- **Policy can help**, e.g. by fostering investment and technology diffusion, strengthening skills, facilitating structural change, and ensuring sound competition.
Jobs: New OECD estimates suggest that the risk of automation is (likely) smaller than thought ...

**SHARE OF JOBS AT SIGNIFICANT RISK (50-70%) AND OF HIGH RISK (>70%) OF AUTOMATION, BY COUNTRY, %**

*Source: OECD, forthcoming.*
... while history suggests new jobs will emerge too, complementary to digital technologies

But there is a **polarisation** in skill demands.

**Job polarisation in major OECD economies, 2002-14**

Percentage points changes in employment shares by occupation

Key issues for policy

**Skills.** Lifelong learning: from rhetoric to reality.

**Regulation.** Balancing flexibility with security.

**Social protection.** Repairing or replacing the safety net?

**Social dialogue.** Rebuilding or reinventing?
4. Next on the Going Digital Project

- Interim report for OECD Ministerial (30-31 May) **under development**
- Wide range of **stand-alone policy reports** being prepared, e.g. on jobs, productivity, wellbeing, ...
- Final **synthesis report** at the end of the project – high-level **closing conference** planned for **11-12 March 2019**
- Range of **flagship reports** that will focus on digitalisation and impacts on jobs and skills, e.g. 2019 OECD Employment Outlook and 2019 Skills Outlook
- Beyond the book:
  - **Roundtables** and national discussions – with policy makers and stakeholders – to help countries develop **more pro-active** national digital strategies
  - Work towards a **Going Digital toolkit** that will provide tools and good policy practices for the digital age
  - **OECD national reviews** of digital transformation to come – pilot reviews underway for Sweden and Colombia
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