

PECC General Meeting
“Vision for an Asia-Pacific Partnership for the 21st Century”
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**Session 3: An Asia-Pacific Agenda for the
Digital/Internet Economy**

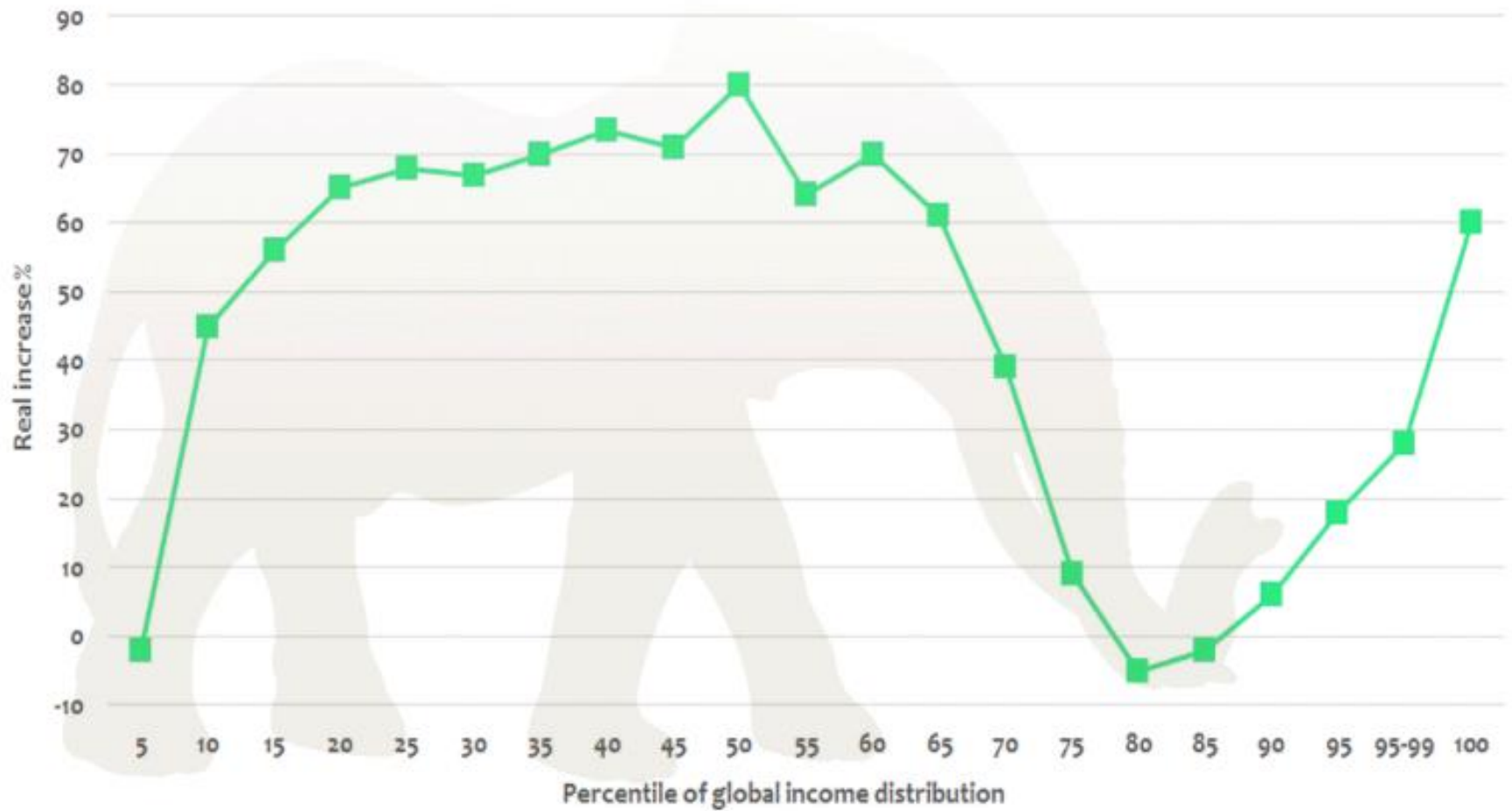
**Economic, Financial and Social Inclusion in the
New Technological Context**

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Outline

- Inclusive growth has to be secured at the same time as innovative growth.
- Innovation and new technology implies change. That has always been true and rapid or deep change is not unprecedented. The response has to be well focused.
- The “digital/internet economy” *is* the economy.
- “Inclusion” is achieved by facilitating and investing in adjustment to change, not by protection of the status quo.
- We confront fast change in information availability and connectivity, but others faced deeper change in fundamental beliefs.

Change in Real Income from 1988 to 2008



Financial Inclusion

- Availability of credit owes much more to the existence of plausible projects than to the size of establishments.
- Micro-finance plays an important role in enabling women to participate in developing and maintaining establishments. It contributes to sound social policy. But it is not a major element in securing an inclusive or an innovative economy.

Inclusive and Innovative Growth should be sought together

The role of education

- "to stimulate students' imagination, to increase their motivation for worthwhile forms of success and personal satisfaction, to make them aware of how knowledge and understanding have been added to by the great discoverers and innovators within particular fields, to secure their commitment to accuracy, care of expression, meticulousness in experimental design, caution in the drawing of conclusions, to develop sound judgement; and to do all these things as much *through* subjects, as *in* subjects".

OECD *Universities under Scrutiny* (Paris, 1987) p.15.

Inclusive and Innovative Growth should be sought together

Employability skills

- numeracy and literacy skills
- knowledge about the world in which young employees live, including the world of work
- understanding of, sensitivity towards, concern for others
- self-management skills, eg the ability to work without supervision
- the ability to communicate with and relate to others
- -life skills, including budgeting, parenting etc.
- -a range of skills, manual and creative, as well as academic
- decision making and problem solving skills
- self-esteem, recognition of individual worth

Inclusive and Innovative Growth should be sought together

Industry 4.0 or the Internet of Things

- There is “reshoring” as low wages become less important for business success, and also fewer staff are required for a given level of output.
- We see moves towards shorter supply chain, locations closer to customers and better able to protect intellectual property rights.
- Changes in business strategies pose problems to government, not least in the need to review tax and tariff regimes.

**Innovation and new technology implies change:
change can be uncomfortable**

The pace and depth of change

- From many people lived their whole lives within 30 miles of their birthplace to land travel at something not unlike the speed of intercity surface travel today.
- From believing in the literal truth of a bible to the reality of evolution
- From the reality of angels and the resurrection of the body, to cremation as a reasonable response to the rising price of urban land.

information availability and widespread connectivity, or basic values systems?

“EXPERTS warn that ‘the substitution of machinery for human labour’ may ‘render the population redundant’. They worry that ‘the discovery of this mighty power’ has come ‘before we knew how to employ it rightly’.” *Economist* mid-19th century

Innovation and new technology implies change: change can be uncomfortable

The “digital/internet economy” *is* the economy

networked corporations mobilising
individual contractors and customers

“Inclusion” requires adjustment to change, not protection of the status quo.

- “In *Smarter Than You Think* Thompson shows that every technological innovation—from the written word to the printing press to the telegraph—has provoked the very same anxieties that plague us today. We panic that life will never be the same, that our attentions are eroding, that culture is being trivialized. But as in the past, we adapt—learning to use the new and retaining what’s good of the old.”

“Inclusion” requires adjustment to change, not protection of the status quo.

- “John Stuart Mill wrote in the 1840s that ‘there cannot be a more legitimate object of the legislator’s care’ than looking after those whose livelihoods are disrupted by technology. That was true in the era of the steam engine, and it remains true in the era of artificial intelligence”.

Economist (2017)

Conclusion

The task is to secure inclusive and innovative growth. In the modern economy, that requires utilising rather than constraining international production networks, and discarding other outdated ideas. Securing inclusive and innovative growth starts with facilitating adjustment to change.