

OECD
Observer



Norway's gender experience

Euro area: Why solidarity matters

Israel's progress report

Special focus:

Policymaking and the information revolution

No 293 Q4 2012

www.oecdobserver.org

OECD Observer celebrates 50



9 770029 705002

Meeting the global water challenge



Nestlé's Aman Bajaj Sood (left) and farmer Harinder Kaur take part in a Farmer Water Awareness Programme provided near the Nestlé factory in Moga, India.

Through our Creating Shared Value reporting, we aim to share information about our long-term impact on society and how this is linked to the creation of our long-term business success.

Alongside our other CSV key focus areas of nutrition and rural development, this year's report summarises Nestlé's response to the water challenge in five key areas:

- > Public policy
- > Collective action
- > Direct operations
- > Supply chain
- > Community engagement

Visit the CSV Section of our website for a complete report of our progress, challenges and performance in 2011

 www.nestle.com/csv

READERS' VIEWS

- 2 **Corporate tax responsibility; Labour advice**

EDITORIAL

- 3 **From the information revolution to a knowledge-based world**
Angel Gurría

NEWS BRIEF

- 4 **Crisis drives up social spending—as tax revenues rise; Soundbites; Economy; Country roundup; Rebalancing act; Pensions struggle; Plus ça change...**
From November 1962

SOCIETY

- 6 **Women in work: The Norwegian experience**
Sigbjørn Johnsen, Minister of Finance, Norway
- 8 **Israel reports progress**
Interview with Sharon Kedmi, Director General of the Ministry of Industry, Trade and Labor, Israel

SPECIAL FOCUS: POLICYMAKING AND THE INFORMATION REVOLUTION

- 11-15 **Policymaking and the information revolution**
- 12 **Mandela's cell number**
- 14 **Trading in facts**
Ken Ash
- 15 **Education for policymakers**
Barbara Ischinger
- 16 **Managing information and communications in a fast-changing world**
Lester Rodriques and Jim Black
- 17 **Can big data deliver on its promise?**
Martine Durand
- 18 **Information society: Which way now?**
Andy Wyckoff
- 19 **Getting to know each other: The OECD and Latin America**
José Antonio Ardavín

- 20 **Combating terrorist financing in the information age**
Rick McDonell, Executive Secretary, Financial Action Task Force
- 21 **Africa.radio**
Roman Rollnick, Chief Editor, Advocacy, Outreach and Communications, UN-Habitat
- 22 **Is evidence evident?**
Anne Glover, Chief Scientific Adviser to the President of the European Commission
- 24 **News that's fit to post**
Monique Villa, CEO of the Thomson Reuters Foundation
- 26 **Asia's information revolution**
John West, Executive Director, Asian Century Institute
- 28 **The changing art of language**
René Prioux
- 29 **Found in translation**
- 30 **Ad sense**
Interview with Richard Huntington, Strategy Director, Saatchi & Saatchi
- 32 **How the world wide web was won**
Robert Cailliau, Computer Scientist and Co-Founder of the World Wide Web, and James Gillies, Director of Communications, CERN
- 34 **Face to Facebook with civil society**
Phil Evans, Senior Consultant, FIPRA
- 35 **The OECD Observer story**
- 36 **Beyond blogonomics**
Henry Copeland, CEO, Blogads and Pressflex.com
- 37 **Last word: Up in the air?**
Rolf Alter

ECONOMY

- 40 **Policy can brighten the economic outlook**
Pier Carlo Padoan
- 41 **Spanish immigrants**
- 42 **Energy efficiency: A true alternative**
Interview with Fatih Birol, Chief Economist and Director of Global Energy Economics, International Energy Agency (IEA)



Special Focus: Policymaking and the information revolution, from page 11



Is knowledge management up in the air? Page 37



A plea for euro solidarity, page 44

Readers' views



President François Hollande at the OECD, Page 48

- 44 **The euro: A message of solidarity**
Charles Jenkins, Writer, Commentator and former Director of Western Europe Country Analysis, Economist Intelligence Unit, London
- 46 **Business brief**

OECD.ORG

- 48 **French President François Hollande at the OECD**
- 49 **Mexican President-elect Enrique Peña Nieto at the OECD: A common vision; Peru eyes membership; Competitiveness challenge**
- 50 **Well-being priority; Video view: The blue economy; Totalled recall**
- 51 **Recent speeches by Angel Gurría; New ambassadors**
- 52 **Calendar; Frankie.org**

BOOKS

- 53 **A calm look at social unrest; Still booming**
- 54-57 **New publications on OECD iLibrary**
- 58 **Vive la réforme**
ORDER FORM...ORDER FORM

DATABANK

- 61 **Emerging innovators; Study abroad**
- 62 **Main economic indicators**
- 64 **Investment dries up; Take a walk**



On the cover: New logo

The 50th anniversary cover, which displays a collection of covers taken from the OECD archives amid celebratory fireworks (and clockwork), launches the new, more contemporary OECD Observer logo. Created by Design Factory, the new logo adopts the Gotham font used in the official OECD logo. It reinforces the magazine's corporate identity, while providing a strong continuity with the previous logo that has been with us since 1998. ©OECD Observer/Design Factory



Corporate tax responsibility

There's a legal and new political theory that corporations are as citizens (or persons): the implication being that corporations have effective rights. A reflection of this is the 2010 Citizens United ruling by the US Supreme Court.

Along with rights come responsibilities—one of them being to pay your fair share of taxes. For example, a US citizen (as well as a resident alien), is obliged to report all global income, and pay taxes on that amount, with some deductions, including for taxes paid overseas—even if you live abroad. This limits most of the tax advantages of establishing an income source or residence in a tax haven.

In addition, higher income earners are subject to the Alternative Minimum Tax (AMT): basically, if you earn above a certain income, you can no longer exploit every tax loophole.

In theory, as with citizens, corporations are subject to similar tax constructs, but as the on-going debates over corporate tax avoidance demonstrate, the tax reality for corporations is far different than for persons.

So, if corporations are people, why don't they pay effective minimum tax rates on global income?

Mark Feige
Economist, Washington D.C

Labour advice

You paint a positive picture of Turkey's economy in terms of growth of GDP and employment (*OECD Observer* No 290-91, Q1-Q2 2012). Nevertheless, the interview states that for the future of the Turkish economy, "labour market reform is key, especially to encourage the shifting of resources from the informal to the formal sector: a more flexible labour contract is needed and minimum wage setting should be decentralised".

We welcome your feedback.

Send your letters to
observer@oecd.org
or post your comments at
www.oecdobserver.org or
www.oecdinsights.org

One has the impression that various forms of labour market flexibility seem to be considered by the OECD as sound advice, regardless of what specific country problems may exist. When times are good, when times are bad, when inflation is low, when inflation is high, when profits are low, when profits are high, when unemployment is low and when it is high. It is as if a doctor were capable of making a diagnosis, but only able to write one prescription.

There are many problems in Turkey, but excessive protection of workers' rights is not and has never been among them. And, creating precarious work in the "formal sector" in order to entice a shifting of resources from the "informal sector" is neither sound advice in terms of economic and social development nor in terms of strengthening democracy.

The informal economy stems primarily from failures of governance, not from protecting workers. Other European countries with better labour laws and enforcement do not have a larger informal economy; but a far smaller one.

Turkey needs major reforms in labour laws to bring them up to ILO standards. It is extremely difficult for workers to form trade unions and the thresholds for collective bargaining discourage rather than encourage its practice. Moreover, reforms should encourage Turkish employers to show respect for the human rights of their workers.

It hardly seems reasonable to attack the few remaining protections in law.

Jim Baker
Coordinator, Council of Global Unions

Comments and letters may be edited for publishing. Send your letters to observer@oecd.org or post your comments at www.oecdobserver.org or www.oecdinsights.org

From the information revolution to a knowledge-based world



The information revolution provides us with an opportunity to get it right

Angel Gurría
Secretary-General of the OECD

To mark the occasion of the 50th anniversary edition of the *OECD Observer*, we take a brief look at how the information world and the global economy have transformed since the OECD's first secretary-general, Thorkil Kristensen, launched the magazine in November 1962.

In the last two decades we have lived through a veritable information revolution that has changed the world forever. Have these changes improved our lives or made our work easier? The answer is: yes, but!

Take the Internet. Breakthroughs in information and communication technologies (ICT) have enhanced access to markets, spurred innovation and created new business opportunities. Technologies contributed to progress in energy, education, food and health, improving the well-being of a larger number of people worldwide. They have also helped emerging economies to become global powerhouses and locomotives of the world economy.

The information revolution has changed the way our economies function and laid the foundations of a knowledge-based world. It is on this new landscape that policymakers should focus more of their attention.

In today's knowledge-based economy, wealth comes more and more from ideas and innovations embedded in products and services. The assets and competitive advantages of firms or countries are rooted in research and development (R&D), software and brands, organisation and production structures, and many other "intangible" assets.

Moreover, in this knowledge-based economy production is spread around the world, involving countries of different income levels, research and development networks, design and marketing, assembly lines, and customer support. Without ICT, it would be difficult to integrate all these stages of production to create global value chains.

Gaining a foothold in global value chains has understandably become a preoccupation of policymakers, given the need to look for new, dynamic sources of growth after the crisis and to build more robust economies. Moreover, competition for investment high up the value chain highlights the importance of education, skills and R&D. And these developments challenge the way we look at trade, invest in education and skills of our citizens, and prevent an erosion of tax

revenue, given the ever more complex manner in which tax bases, including profits, can be shifted among countries.

These are the kinds of fundamental policy issues the OECD is addressing. And as a knowledge hub in which information is currency, our organisation is fit for purpose. The information and technology revolution has brought improvements to every dimension of our work, transforming how data is gathered, managed, analysed, published, and disseminated, not to mention protected. ICT has provided us with the tools for a more constant dialogue and for bringing our member and partner countries closer together. And thanks to ICT, the OECD not only diffuses more knowledge further and wider than ever before, but it also infuses it with fresh and constantly evolving knowledge from people outside the organisation, using interactive tools, wikis and public forums, for instance.

The information world evolves quickly. The first SMS text message was sent in December 1992. Just 20 years ago! Now mobile communications have permeated every continent. Social media is far younger, yet it is already ushering in a new age of big data. In fact, as this edition points out, more data was produced in 2011 than in the whole of human history.

The OECD is investing in the knowledge management tools it needs to stay ahead of these trends. But as human beings, we must also stand back from the plethora, ask questions, discuss and make informed judgements.

The first edition of the *OECD Observer* opened with an article called "What makes an economy grow?" In light of the worst crisis in our lifetimes, we are still seeking a satisfactory answer to that question. We have never had so much information, yet we failed to anticipate, let alone, prevent the financial crisis from happening.

On the contrary, critics argue that the information revolution has been a cause of our instability. Its speed leads to volatility—from high frequency trading in financial markets, for instance—while it conceals channels for corruption and illicit financing. Serious concerns about privacy add to a widespread sense of mistrust.

The OECD takes these challenges seriously and is determined to combat abuse and promote the knowledge and confidence that we believe the information revolution promises.

Building better policies for a world based on inclusive, sustainable growth is paramount, and through our major New Approaches to Economic Challenges initiative launched in 2012, we have begun to probe and question our growth models, and explore new paradigms that incorporate equity and the environment.

It is a vast "knowledge" endeavour, which depends on cooperation. By harnessing knowledge and ideas skilfully and openly, we can build a brighter future. The information revolution provides us with an opportunity to get it right.

www.oecdobserver.org/angelguria
www.oecd.org/secretarygeneral

News brief



©Shannon Stapleton/Reuters

Crisis drives up social spending—

Crisis-fuelled increases in unemployment and income support benefits combined with stagnating or declining GDP has pushed public social spending up. A new report, *Social Spending after the Crisis*, finds that spending has climbed to an average of 22% of GDP across the OECD in 2012, up from 19% in 2007. In fact, real social spending has risen on average by around 10% since 2007-2008 after prices are taken into account.

Real social spending has fallen in only two countries—by 14% in Greece and 13% in Hungary. Spending rose most in Korea where a 29% increase reflected spending on pensions and other benefits such as childcare. France spends most on social policy, at 32.1% of GDP, followed by Denmark (30.2%) and Sweden (29.8%).

Population ageing will also drive up pension and health spending in the years ahead. The challenge now, the report says, is to safeguard social support for future generations. Public social spending on the elderly amounted to 11% of GDP in 2009. The proportion of elderly in the population is around 15% across the OECD but on average they receive 40% of all public social spending. In Japan and Italy, where senior citizens make up about 20% of the population, the share swells to 60%.

www.oecd.org/els/social/expenditure

—as tax revenues rise

Tax revenues in most OECD countries are again on the rise. This follows declines seen at the beginning of the crisis. The OECD's annual *Revenue Statistics* shows that member countries collected some 34.0% of GDP in taxes in 2011, compared with 33.8% in 2010. This is still well below the most recent 2007 peak of 35.1%.

Chile, France, the Czech Republic and Germany saw the largest increases in 2011, and Hungary, Estonia and Sweden the largest falls.

Several factors explain the increasing tax ratios in 2010 and 2011. Under progressive tax regimes, economic recovery led to tax revenues rising faster than GDP. At the same time, many countries raised tax rates and/or broadened bases. In 2008 and 2009, the declining ratios reflected the severity of the recession and the fact that some countries responded by cutting tax rates.

www.oecd.org/tax

Economy

Provisional growth estimates show that **quarterly gross domestic product (GDP)** in the OECD area rose by 0.2% in the third quarter of 2012. This was the same rate as in the previous quarter, but with continuing diverging patterns across countries. In the US, growth accelerated to 0.5%, compared with 0.3% in the second quarter. In the UK, growth boosted to 1% compared with a contraction of 0.4% in the previous quarter. Growth also picked up in France to 0.2%, compared with a decline of 0.1% in the previous quarter.

Leading indicators from the OECD, which help anticipate turning points in economic activity, continue to point to weak growth prospects. However, signs of stabilisation are emerging in Canada, China and the

Soundbites

Hope of the ages

"We began the year in the valley of recession—we completed it on the high road of recovery and growth."

John F. Kennedy, State of the Union Address, 11 January 1962

End of growth?

"Growth is not just a product of incentives. It depends even more on opportunities. Rapid increases in productivity at the frontier are possible only if the right innovations occur."

Martin Wolf, *Financial Times*, 2 October 2012

Euro optimism

"The euro's rescue is on track"

Editorial in French daily, *Le Monde*, 1 October 2012

Love tax

"These days, few people are willing to extol the glories and virtues of taxation, but this discovery would not have happened without the tax payer. In fact, the vast majority of the planet's taxpayers had skin in the game."

Paul Tipton, Professor of Physics, Yale University, writing about the discovery of the Higgs Boson particle, *Los Angeles Times*, 9 July 2012

US. The leading indicators for Japan, Germany, France and the euro area as a whole continue to look weak (see page 38).

Annual inflation in the OECD area rose by 2.2% in the year to September 2012, up from 2.1% in the year to August 2012. This slight increase in the annual rate of inflation was driven by higher energy prices which accelerated to 5.1% in September, up from 3.5% in August, while food price inflation slowed to 2.1% in September, compared with 2.2% in August. Excluding food and energy, the OECD annual inflation rate slowed to 1.6% in September 2012 compared with 1.7% in August.

The OECD area **unemployment rate** was 7.9% in September 2012, broadly the

Country roundup

Denmark should build on the strengths of its vocational and educational training programme to ensure that young people enter the labour market with the skills companies need and to meet the national goal of having 60% of young people enter higher education by 2020, according to a new OECD report.

Estonia recovered strongly from the global economic crisis but growth has since slowed, highlighting the need for further reforms that reduce exposure to external shocks and ensure against future boom/bust cycles, according to the OECD's latest *Economic Survey of Estonia*.

Finland should not back-track on its aid commitments, according to the OECD's *Review of the Development Co-operation Policies and Programmes of Finland*. While the country is making efforts to improve its development co-operation, sharpening the focus of its efforts and emphasising the importance of human rights, success is contingent on Finland honouring its commitment to increase funding, focusing on areas and countries where it can have the most impact, and improving the way it manages development co-operation.

Israel has world-class primary care services and should now focus efforts on bringing its hospitals up to the same high international

same rate recorded since January 2011. In the euro area, the unemployment rate increased for the 16th consecutive month—up 0.1 percentage point to 11.6% in September—while it fell by 0.3 percentage point in the US in September (to 7.8%).

Unit labour costs in the OECD area rose by 0.3% in the second quarter of 2012, driven by continued increases in labour compensation per unit of labour input.

Merchandise trade continued to slow in most major economies in the third quarter of 2012 compared to the second quarter of 2012. Imports and exports fell in the third quarter of 2012 in Brazil, Germany, Italy, Japan, Russia, South Africa, and the US.

Visit www.oecd.org/statistics



©OECD/Hervé Corinhat

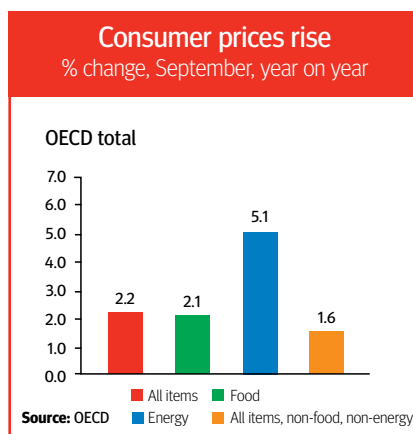
OECD Secretary-General Angel Gurría and French President François Hollande at the OECD in November. See the oecd.org section, page 48

standards, according to the OECD's *Health Care Quality Review of Israel*.

Ghana has signed the Convention on Mutual Administrative Assistance in Tax Matters, a multilateral agreement developed jointly by the Council of Europe and the OECD. Ghana is the second African country, after South Africa, to sign the Convention since it was opened for signature to all countries in June 2011.

Tax revenues in **Latin American countries** as a proportion of their national income are rising slowly although they remain lower than in most OECD countries. *Revenue Statistics in Latin America* shows that the average tax revenue to GDP ratio in the 15 Latin American countries covered by the report increased from 19% in 2009 to 19.4% in 2010, after falling from a high point of 19.7% in 2008.

Visit www.oecd.org/newsroom



Rebalancing act

The balance of economic power is expected to shift dramatically over the next half century. Fast-growing emerging-market economies will likely account for an increasing share of global output, according to a new OECD report.

Divergent long-term growth patterns will lead to radical shifts in the relative size of economies. The United States is expected to cede its place as the world's largest economy to China, as early as 2016, though living standards will still only be 60% of that in the leading countries in 2060. India's GDP is also expected to pass that of the United States over the long term, but its per capita income will only be about 25% of that in advanced countries.

Fast-ageing economic heavyweights, such as Japan and the euro area, will gradually lose ground on the global GDP table to countries with a younger population, like Indonesia and Brazil.

www.oecd.org/economy

Pensions struggle

Pension funds in the OECD are losing steam. Though assets hit a record US\$20.1 trillion in 2011, return on investment fell below zero, with an average negative return of -1.7%, according to the OECD's latest *Pension Markets in Focus*. The September report says that weak equity markets and low interest rates drove the poor performance.

www.oecd.org/insurance

Plus ça change...

"Nobody has time enough to read all these publications, and nobody needs to know everything about every specialised subject, but there are many people who do feel a need to know something about some of the problems and to follow the work in a more general way. This is why we are now issuing the *OECD Observer*, a new periodical."

"The *OECD Observer*" by Thorkil Kristensen, former Secretary-General of the OECD, in issue No 1, November 1962

Observer

Women in work: The Norwegian experience

Sigbjørn Johnsen, Minister of Finance, Norway



©REUTERS/Scampix Scampix

High female participation in the workforce has a decisive effect on a country's performance, as Norway shows.

Any country's main asset is its workforce, and Norway, with its oil wealth, is no exception. Sustainable policies for low unemployment and high participation rates for women, men and young people are predominant and the burden sharing of the cost of the welfare state is carried on the back of the labour force.

In the last 50 years, there has been a tremendous change in women's participation in paid work in most OECD countries. Labour market participation has been a key to economic independence for women. It has given women the possibility to develop and use their professional skills. Employment among women is also crucial for economic performance. This may prove especially important in the years to come, as an ageing population will place an increasingly severe burden on public finances. Old age pension expenditure will increase, as will government outlays

for health care. Low birth rates will add to the problem, and a shrinking working-age population will have to provide for an increasing number of pensioners. Higher labour force participation and longer careers are important parts of the solution. In addition to reforming pension schemes, many countries now see a need to make use of the large unused work potential among women.

These countries face a double challenge: to increase women's labour participation and to raise birth rates. To encourage

women with children to go out to work, Norway and the other Nordic countries have implemented policies that make it easier to combine work and family life.

The ideal of the housewife was strong in Norway in the 1950s and early 1960s. However, since the beginning of the 1970s, the labour participation rate has risen from 44% to 76% for women between the ages of 15 and 64. Some 83% of mothers with small children are employed. Fertility rates have risen along with the rise in labour participation, from 1.75 children per woman at the end of the 1970s to 1.9 children per woman today—one of the highest fertility rates in Europe.

There are several drivers behind this development. First of all, the increase in female employment in Norway took place at a time when there was a rise in demand for labour, and alongside a remarkable boost in educational attainment among women. Secondly, employment among women was stimulated by comprehensive parental provisions and subsidised day-care for children. In 1970 only 13,000 Norwegian children were enrolled in day-care centres. Today the number is about 280,000 with coverage of almost 90% of all 1-5 year olds. Parental leave for employed mothers and fathers is paid from public budgets and has been extended from 12 weeks 30 years ago to 47 weeks today. Other measures are a statutory right to paid leave to stay at home with sick children and a right to work part-time until the youngest child turns 12.

The welfare state has in many respects made women's labour participation possible, but women's own work effort has in turn been a precondition of the development of the welfare state. A higher labour supply means higher income from tax, which in part can be utilised to offer more comprehensive public services. At the same time a higher labour supply is also needed to perform these services. Many of these services in turn allow for a higher female labour supply, for instance,

by moving the care of children and the elderly out of the family and under public responsibility instead.

I strongly believe that female employment has brought about large economic benefits for Norway. Firstly, choosing workers from a pool of male and female workers, as opposed to choosing from a pool where half of the potential talent is excluded, leads to productivity gains. Secondly, higher female labour participation has led to productivity gains through a higher degree of specialisation. And finally,

A higher labour supply means higher income from tax, which in part can be utilised to offer more comprehensive public services

female employment has added more workers to the work force at a time when average work hours per employed person have been declining. Decreasing work hours for the employed has in part been a natural consequence of higher prosperity—people's priorities have changed as they no longer need to work as hard to make a living. But with women entering the workforce, the contribution to growth from the work effort can be maintained. This contributes significantly to raising the national income.

In fact, if the level of female participation in Norway were to be reduced to the OECD average, Norway's net national wealth would, all other factors being equal, fall by a value equivalent to our total petroleum wealth, including the value of assets held in the Government Pension Fund-Global (GPG, formerly the petroleum fund). This calculation assumes that the share of females in part-time employment remains unchanged.

Labour force participation in Norway is among the highest in the OECD. However, average yearly work hours per person between the ages of 15 and 64 are now relatively low and substantially lower than, say, in Korea. But as we have seen,



Sigbjørn Johnsen, Minister of Finance, Norway

©Rune Kongstad

this picture has two sides. Without our relatively short business hours and the option of working part-time, the barriers into work for women would have been much higher. The next step for Norway will be to find ways to encourage people to move from part-time work to full-time work. With family provisions and childcare already in place, we believe this is within reach.

The Norwegian experience may not be easily transposed to other countries. However, the challenges of more fully utilising the workforce's potential are the same in most OECD countries.

References

Visit the Norwegian Ministry of Finance at www.regjeringen.no/en/dep/fin.html
See also www.oecd.org/norway and www.oecd.org/social/genderequalityanddevelopment
Norway will be chairing the 2013 Ministerial Council Meeting from 29-30 May.

Israel reports progress



first government centre for Haredim is being established, and additional centres are already at approval stage. And let's not forget our efforts to expand the support provided to working parents of young children. My ministry is substantially increasing public day-care for children up to the age of 3 with working parents. We look forward to discussing these initiatives, among other policies, at the OECD.

One issue you focus on in the report is poverty, since in Israel there is a relatively high poverty rate by OECD standards. What new action has been taken to tackle this?

Israel has a long-term strategy in place to tackle poverty. This strategy focuses on improving educational achievement, facilitating access to higher education especially for disadvantaged groups, improving infrastructure in remote areas of the country and encouraging participation in the labour market.

A significant move has been to implement the Earned Income Tax Credit (EITC) nationwide and increase the credit level for targeted populations. An EITC was first introduced as a pilot programme, and in 2011 it was expanded to cover the whole country. The expanded deployment of the EITC increased the potential number of eligible recipients from 100,000 in 2010 to 420,000 in 2011.

Another illustration is the enforcement of rights, particularly of our labour laws. This has been given special attention by the government and even found expression in one of the recommendations of the Trajtenberg Committee* on socio-economic challenges. The ministry has worked to strengthen the capabilities of the law enforcement system, first, by initiating a law aimed at enhancing the enforcement of the labour laws, with the full co-operation of the employer organisations and the Histadrut, Israel's trade union organisation; and second, by adding 120 positions to law enforcement over the course of the next two years.

You describe the progress report as a milestone in the learning process. What

do you see as being the next steps?

As part of that learning process, the government has recently established a new position of Deputy Director General of the Ministry of Industry, Trade and Labor, who is in charge of developing the general employment policy of Israel. This enables a horizontal view for more policy coherence, which I believe is one of the core principles endorsed by the OECD.

In general, our collaboration with the OECD has proven to be an important step in improving our public services, and not just in the field of employment. The next step of that process should be peer learning and benchmarking, rather than just meeting standards. One of our goals in that sense is to increase the participation of the ministry in ongoing work and voluntary projects which will assist us in improving our policies.

Let me mention two recent examples of such voluntary initiatives. First, there is the country review on vocational training being conducted as part of the "Skills Beyond School" project. The review will make policy recommendations on how to strengthen our vocational education and training regime. And second, an OECD workshop on regulatory enforcement and compliance inspections took place in Jerusalem on 29-30 October, hosted by our ministry.

As part of our efforts, the ministry has designated a counsellor to the Israeli Permanent Delegation to the OECD. Her team will strive to enhance our ministry's input into OECD work across a range of policy domains.

*A government-appointed commission was set up in August 2011 to examine and propose solutions to Israel's socio-economic problems. It is headed by Manuel Trajtenberg, who chairs the Higher Education Planning and Budget Committee.

Visit the official website of the Ministry of Industry, Trade and Labor of Israel, at www.moital.gov.il

State of Israel (2012), *Progress Report on the Implementation of the OECD Recommendations: Labour Market and Social Policies*.

"Israel's economic strategy: An interview with Yuval Steinitz, Minister of Finance of Israel", in *OECD Observer* No 284, Q1 2011.

www.oecd.org/israel

More than two years after Israel joined the OECD, Sharon Kedmi, director general of the Ministry of Industry, Trade and Labor, led a delegation to an important OECD Employment, Labour and Social Affairs Committee meeting on 26 October. He spoke to the OECD Observer.

When you joined the OECD in 2010, Israel was asked to address several outstanding social and labour market challenges. You are now submitting a detailed 200-page progress report. What in your view are the highlights of that progress report?

The integration of populations with low rates of participation in the labour market, such as Arab-Israelis (especially women) and the ultra-orthodox Haredim (especially men), has been one of the prominent challenges that Israel is making an increasing effort to address. It was one of the main issues raised during our accession to the OECD. In the progress report we present a detailed list of our major initiatives that have been implemented or approved by the Israeli government since 2010. The various initiatives contributed to the increase in employment rates (up 2.4% for Arab women and up 6% for Haredi men from 2008 to 2011) and will continue to do so in the years to come.

A clear illustration of our efforts is the establishment of a network of 21 dedicated employment centres that provide an extensive array of employment services for the Arab population. In addition, the

The Long-Term Investors' Club

A global platform of major investors

The need for long-term investment is more urgent than ever given the rapid changes our societies are undergoing.

Responding to major challenges, such as shifting to a low-carbon economy or supporting sustainable urban development and infrastructure building, will require massive financial resources.

Since many of our national budgets are constrained by the current financial and economic crisis, there are now few options other than adopting the regulatory frameworks to incite long-term investment and encouraging cooperation between long term investors to take up these challenges.

This is the mission of the Long-Term Investors' Club (www.ltic.org).

Founded in 2009, the Long-Term Investors' Club aims to bring together major worldwide institutions—including sovereign wealth funds, public sector retirement funds, private-sector pension funds and development banks—to assert their common identity as long-term investors and to facilitate greater cooperation between members.

The Long-Term Investors Club is today composed of 14 major financial institutions and institutional investors from all over the world, in particular

from the G20 and OECD countries, representing a combined balance sheet total of US\$3.2 trillion.

The Long-Term Investors' Club is a member driven and project oriented organisation.

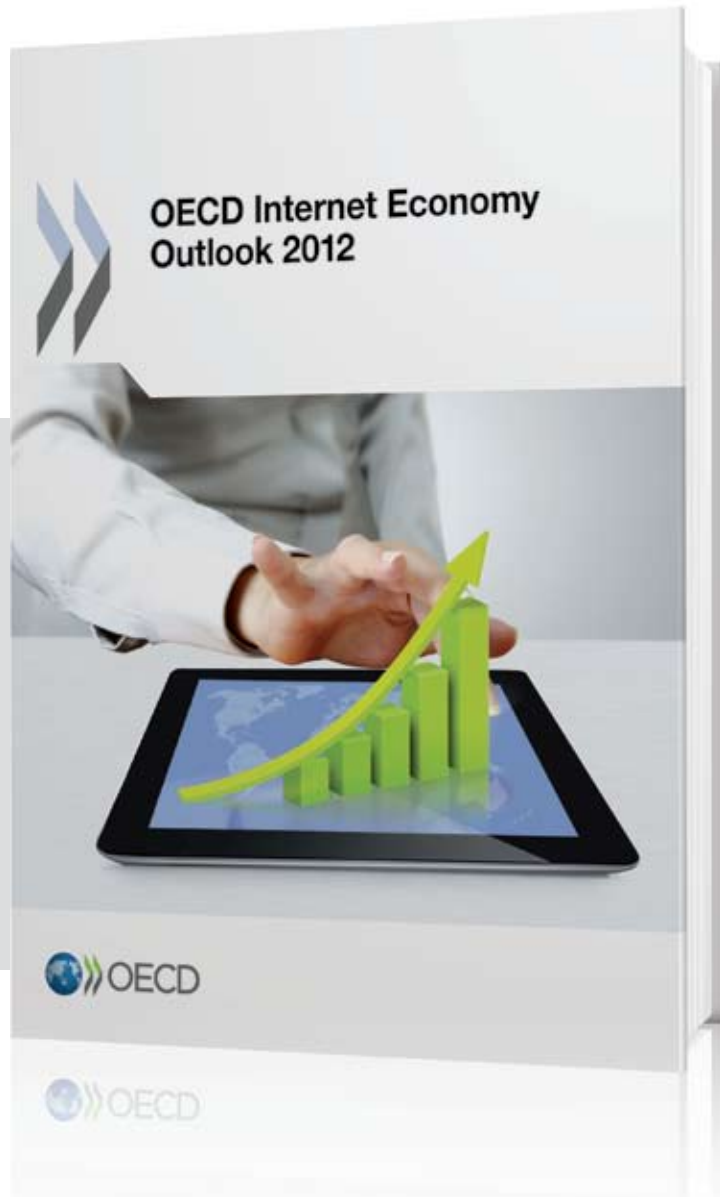
Among the first achievements of the Members:

- two major equity investment funds
 - the Marguerite Fund, that supports strategic investments in the fields of energy, climate change and transport infrastructure in the EU's 27 Member States;
 - the InfraMed Infrastructure Fund; dedicated to long-term investments in sustainable transport, energy and urban infrastructures in the countries of the Mediterranean's southern and eastern shores. These equity funds are prototypes of new financial instruments, combining public and private investors to finance long-term investments. They have both realised their first investments and expect to reach final close in the coming months.
- Active contributions to European and international debates on the regulatory framework applicable to long-term investment (Basel III, IFRS, IASB standards, OECD work on long-term investment, etc).

See www.ltic.org

BETTER POLICIES FOR BETTER LIVES

OECD Internet Economy Outlook 2012



Browse and order at www.oecd.org/bookshop



Policymaking and the information revolution



©Larry Downing/Reuters

US President Barack Obama's first Twitter Town Hall, 6 July 2011

The OECD Observer is celebrating its 50th anniversary: no better time than to turn our focus to the currency of information itself.

This special edition is not about the information society itself or the latest cool application. We take a step back and look at some of the promises, challenges and risks that the information revolution brings to people, their work and their lives. Historically there has never been so much information and data produced as there is now, but are people better informed or able to lead better lives?

How times have evolved since November 1962 when Thorkil Kristensen, the OECD's first secretary-general, launched the *OECD Observer*. In fact, in the last

20 years alone, breakthroughs in all manner of information and communications technologies have quite simply transformed the global landscape. The surge of countries such as China and Korea, renewed interest in

Has the information revolution made the job of government any easier?

Africa, as well as booms from Ireland to the US (at least, until the 2008 crisis), owe much to the information revolution and what it has unleashed in terms of knowledge, capabilities and potential. In 1980 US writer Alvin Toffler foresaw a coming "third wave" of societal change; could that wave have already passed by, with new waves forming, affecting health

care, energy, communications, transport and more?

What about policymaking? Has the information revolution made the job of government any easier? Or are decision makers in a tougher position in today's faster, information-rich environment than they were before? From handling the right sources and advice to making announcements and rallying support, has the game changed, if not the rules as well?

Nothing new under the sun?

The world has seen several information revolutions in the past, and the current one is certainly not the last. Think of scrolls and government bulletins issued in Roman times, *tippao* news sheets during China's Han dynasty, or modern

newspapers, which first appeared in Europe in the 1600s. The following 200 years brought more global changes. As Emma Rothschild wrote in the *OECD Observer* in 2003, “There has been a ‘revolution in commerce, in the power of nations, in the customs, the industry and the government of all peoples.’ Continents are connected as though by ‘flying bridges of communication.’” She was citing Abbé Raynal, an 18th century political commentator, writing in 1770.

Is it different this time? Probably yes. In Raynal’s time, globalisation was a slower affair, with dispatches taking several weeks to cross oceans and continents, though news of royal births and revolutions were nevertheless greeted as hot news.

Then in the 20th century came radio and television. President John F Kennedy lauded the power of television to shape

Digital information world is accelerating and reinventing itself via mobile applications and big data

politics by subjecting political figures to the scrutiny of a public “able to detect... deception and... willing to respect political honesty.”

When Fannie Lou Hamer stood before television cameras at the 1964 US Democratic Convention and delivered her famous “Is this America?” speech, some 90% of US households had televisions, compared with 54% a decade earlier. An uncomfortable President Lyndon Johnson tried to distract attention by calling a press conference during the live showing, but the evening broadcasts would go out anyway. It was the first time that a black civil rights activist addressed the nation in her own words and through the medium of television. Having judged Mrs Hamer’s sentiments as honest, the viewing public thrust the civil rights movements to the forefront of American politics. Radio and television brought a whole new potential to transmitting information

widely, but lacked things like interactivity and information management. They had few, if any, workplace applications, apart from listening to your favourite radio show!

Several factors make the latest revolutions different: the instant speed and compression of space and time; the shift away from paper to online, allowing for a greater pervasiveness, and invasiveness, of information; interactivity; the ability to store, process and manage information; and a convergence of platforms—people listen to the Internet now!

And there’s more. As former OECD chief economist, Ignazio Visco, wrote in 2002, “the dramatic fall in communication costs [...] and the technological breakthroughs behind it, have led to a diffusion of ideas, technological know-how and a general spread of information at a pace that is quite unprecedented in the history of humankind.”

Great expectations

When the *OECD Observer* emerged in those post-war decades, divulging information to the public was a delicate exercise. After all, as the first editorial pointed out, it was in an atmosphere of confidentiality that political results were obtained.

A Cold War veil of paranoia hung over many proceedings, which the new magazine helped to lift: as Kristensen wrote, “a step was taken towards a wider dissemination of this [organisation’s] knowledge.”

Today, two decades after the fall of the Berlin Wall and the rise of the Internet, people’s expectations have changed. Openness has become standard, as has instantaneousness. The digital information world is accelerating and reinventing itself via mobile applications and big data. Such changes bring challenges for managing information and knowledge, sorting noise from substance, ensuring effective infrastructures are in place,

Cell number



©Hugo Philippot/REUTERS

South Africa’s former president, Nelson Mandela, holds up a mobile phone in London, 21 October 2003. Using his old convict number 46664 from Robben Island, Mr Mandela helped launch a global phone and internet campaign to raise awareness about AIDs. Originally published in *OECD Observer* No 240/241 December 2003

competing for attention and making decisions in an information world where fundamental choices can be obscured by tweets and Facebook “likes”. This special anniversary edition of the *OECD Observer* takes a brief look at just some of these challenges.

Power tech

“Four more years.” When Barack Obama won his 2nd term as US president, he tweeted this announcement of his victory. It became the most read tweet of all time.

Indeed, President Obama, whose campaign in 2008 had also leaned on the Internet, had 24 million followers on Twitter at the time of writing, and was the only politician in the top 20, the rest being personalities from the sports and entertainment worlds. But information is power, and many other politicians around the world also have Twitter accounts.

Social media featured in the 2012 French elections, and has made its presence felt

more generally in politics worldwide over the past year or two. Moreover, politicians are turning to mobile applications to garner data and check trends.

Mastering new forms of communication has become indispensable to all those seeking power or to influence policy, and not just politicians. Labour unions, non-governmental organisations (NGOs) and charities have seized the opportunities they offer, and international organisations such as the OECD have also had to adapt.

One reason for this is the Internet, which helped to spur globalisation, although it also ignited protests against it. Take the Multinational Agreement on Investment (MAI) being negotiated at the OECD in the 1990s. In 1997, the Polaris Institute, a Canadian NGO, obtained a draft of the agreement and circulated the draft by email, spreading it around the web like wildfire. Anti-globalisation movements were flourishing at the time, and came to a head at the 1999 World Trade Organization (WTO) conference in Seattle, Washington. The turnout of more than 40,000 protestors surprised many. Though

their anger was directed at the WTO, the city of Seattle declared itself an “MAI-free zone”. Faced with vocal and articulate opposition, led by people such as Public Citizen’s Lori Wallach, and with discords starting to bubble among the negotiators themselves, the MAI was shelved.

Beyond the detail, what people (and not just NGOs) were clearly demanding was openness and dialogue in public policymaking generally. Several organisations have since developed their engagement with civil society, a prime example being the annual OECD Forum which has been a regular event on the global calendar since its inception in 2000. The *OECD Observer* has published far more guest opinion articles since that time, while blogs have flourished. Public engagement has become a *modus operandi*.

Meanwhile, the information revolution has rolled on with smart interactive tools allowing people to do more than just comment; through the OECD Better Life Index, for instance, the public is helping to build the well-being metrics of the future.

Moreover, mobile technology has enabled multiple campaigns and “flash mobs” to campaign on any issue.

Could NGOs now be suffering from these new tools? Perhaps, for as Phil Evans writes in this edition, soft protest online via clicks cannot replace organised civil campaigns. Even if the jury is still out on the effects of the Arab Spring or the Occupy protests of recent years, these demonstrate a new, less centralised type of street demonstration that is not fully controlled by the traditional standard bearers of protest. Established political parties, trade unions and NGOs seem unsure about how to respond. If new forms of governance are emerging, they could bring challenges, as well as qualities.

What about lobbies? Unsurprisingly, these often prefer face-to-face meetings to Facebook, though this may also change. Two of Washington’s biggest firms cultivate sizable Twitter followings. And beyond the traditional lobbyist, more think-tanks have come on the scene, adding their angle and agendas to key debates. According to Anne Glover, the European Commission president’s chief scientific adviser writing in this edition, a real challenge is how to make sure the facts are not only heard, but lead to better policies.

Clearly, policymakers must take new communication technologies seriously. By 2018, mobile penetration is expected to reach 96% globally, which works out at about one mobile subscription per person on earth.

With almost no barriers to obtaining or exchanging information, people have come to expect a clear and immediate response from institutions. Many countries now have interactive e-government services, permitting citizens to interact with governments on everything from health and education to security and tax. Governments are even encouraging a more dynamic involvement, the emphasis on finding out what citizens want, rather than deciding what they need. New big data can



help get down to ever finer detail about those wants and concerns.

In a 2012 magazine interview, Roy Temple Cassidy, head of one of Washington's biggest lobbying firms, said that political candidates must deal with more third-party groups than they did 25 years ago: "... as a candidate, you are much less the master of your domain". Policymakers may spend less time at guesswork, but given the sophistication of new technology, they may end up spending more time trying to decipher the messages and trends in the din of voices.

Cyberspace is where the big questions are being debated, but whether it is the harbinger of better outcomes remains to be seen.

Nor is continued public trust a given. The ability of information technology (IT) to Hoover up minute personal details is causing consternation, and the OECD is looking closely at the implications of comprehensive data collection, particularly about consumers' online activities.

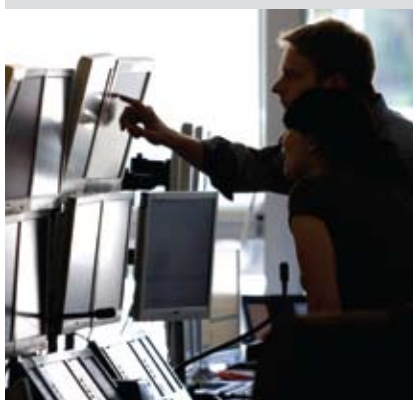
In fact, privacy and security are issues the OECD has been addressing for 30 years, with its guidelines on privacy and security of information systems now being standards among stakeholders and policymakers everywhere.

Still, fighting abuse is a moving target for any organisation. As Rick McDonnell, who heads the Financial Action Task Force, which combats money laundering and illicit financing, suggests in this edition, the glare of public attention is not always an asset. IT has brought undoubted benefits, but the risks posed by new technologies must be recognised. Twitter, Facebook, and even SMS texts can cause embarrassment, with politicians getting into trouble as discreet (and indiscreet) tweets end up as headline news.

Everyone feels compelled to react in real time, which sometimes catches policymakers and markets in a cat

Trading in facts

Ken Ash, Director, OECD Trade and Agriculture Directorate



©Charles Platiau/Reuters

Getting information and communications "right" has always been a necessary condition for delivering sound policy advice; today, there are many more possibilities to generate and to share evidence-based policy insights, but there are also many more competing messages and messengers. Here are two examples.

Public support for freer trade has eroded in the wake of the economic crisis, slow and uneven growth, and increased unemployment; some people are advocating a return to protectionist type policies. While the desire to be "protected" is understandable, it is also unfounded; but simply asserting this is not convincing. By working with nine other international organisations to compile available evidence on how trade openness, along with complementary

and mouse game. The euro crisis has been a case in point, as sound political announcements reassure jittery markets one day, lose their effect the next, and cause a scramble for new initiatives and another rifle of announcements.

Clearly, new habits and an online culture, whether in policymaking or security, will

labour market and social protection policies, have contributed to economic growth and new job creation, a more unified, coherent and convincing case can be made. And our evidence is clear: open economies grow faster than closed ones; no country has ever grown in the long run by restricting trade; and active labour market and social protection policies help to ensure that the benefits are widely shared.

Popular wisdom would also suggest that "exports are good and imports are bad". Again, this is demonstrably not true. The reality is that you need to import in order to export. By systematically disentangling traditional trade data to identify where value is added, we can paint a clearer picture of where income is generated, where jobs are created, and how large bilateral trade imbalances are. Most trade today is in intermediate inputs. Increasingly, with the emergence of global value chains, firms import world class inputs that enable them to improve their productivity and competitiveness. Closing markets will in effect destroy the jobs that countries want so much to maintain.

Producing the evidence-based policy advice is only a start; getting the message to the right people at the right time, and informing the wider public, requires tapping into all corners of today's information and communications world.

www.oecd.org/trade

take time to form. The trouble is, some governments want to go further, and are pushing to constrain the Internet with internationally-agreed rules. Other governments are opposed to attempts to hoist state-led controls on cyberspace, preferring to preserve the open, borderless, multi-stakeholder model that has driven the Internet's success.

What you don't know can hurt you

Changes in the information society have always been drivers of progress, but as Rothschild notes in citing an 18th century critic, the politics of global information were divisive “The eyes of the world have been blinded by publications”.

In a world where more data has been produced in a year than in all of history, are we about to face an unfathomable plethora of information?

Knowledge management is now a serious undertaking for organisations and governments, just as it is for businesses and households. New digital tools will help make sense of the mass of data and how to process and transmit it.

As knowledge is a public good, such systems must also cater for future generations. Building a reliable knowledge bank is all the more challenging in an age where online pages are being deleted and information lost on unusable disks and abandoned computer drives. As Deborah Woodyard of the British Library wrote in the *OECD Observer* in 2003, Leonardo da Vinci's old notebooks can still be opened, but can your old floppy?

Hopefully, future researchers will be able to access today's *OECD Observer* just as they can a notebook by da Vinci. And despite the swirling kaleidoscope of data and news, with luck they will be able to find what they want, and the time to read it as well.

Rory Clarke, Lyndon Thompson

References

Woodyard Deborah (2003), “The great digital information disappearing act”, in *OECD Observer* No 240/241, December.

Fannie Lou Hamer (1917-1977), Testimony before the Credentials Committee, Democratic National Convention, Atlantic City, New Jersey, August 22, 1964. <http://americanradiohistory.com/publicradio.org/features/sayitplain/flhamer.html>

OECD/ITU (2011). *M-Government: Mobile Technologies for Responsive Governments and Connected Societies*

Education for policymakers

Barbara Ischinger, Director, OECD Directorate for Education



Checking an education blog? German Chancellor Angela Merkel

Education is one OECD department that has embraced the information revolution.

While we still use traditional means of getting our messages out to decision makers—through printed press releases, launch events and videos, for example—we recognise that there has been a huge shift in how individuals get their information. Social media technologies have now extended our outreach beyond policymakers to civil society. We have embraced new technologies to create more ways of gaining access to our great wealth of data and analysis.

Social media is now an integral part of our communication strategy. Beyond just acting as a means to disseminate and access information, social media has helped us to gather insights from outside the OECD, keep up-to-date on policies, solicit feedback and make our interactions with our stakeholders more transparent.

For policymakers we are now providing new environments for sharing evidence, benchmarking and networking. The skills.oecd interactive portal provides data visualisations and videos aimed to help people understand the complex issue of acquiring and using skills effectively. Our “educationtoday” blog provides global perspectives on education, and the interactive OECD Better Life Index shows how education can improve people's lives. We're also disseminating more of our information online, through education-in-focus briefs and a quarterly online newsletter.

In short, we're making it easier for policymakers and our other stakeholders, including school principals, teachers, parents and students, to see our work and, we hope, benefit from our expertise in gathering and analysing internationally comparable data and insights on education.

Visit www.oecd.org/education

Managing information and communications in a fast-changing world

Lester Rodrigues and Jim Black, OECD Information Technology and Network Services



©Tim Wimborne/Reuters

People create policy, but underpinning their work, and in some ways hidden from view, is a well-developed, smart information and communications infrastructure. It is a fundamental driver of progress.

The OECD is, by definition, a form of social network. It links countries and people together. Its forums of policy experts and national representatives enable people to meet, share, work together and pressurise each other to perform better as economies and societies.

Managing this information world has always been a challenge. In fact, in the early 1970s a call was made in the *OECD Observer* for an information policy to help society manage and be able to learn from the growing volume of information at the time.

But these challenges have multiplied with information technology (IT). From the early days of telex to IT communications systems and the Internet, speed is of the essence today. And the speed and volume of information are accelerating.

The OECD's first On Line Information System (OLIS) was introduced for member countries in 1989, making OECD documents and information

available to officials around the world electronically. This helped decrease the volume of paper documents being shipped by post, thus reducing costs and lowering the environmental impact. E-mail was introduced as a ubiquitous communications technology shortly afterwards.

Sophisticated IT systems, statistical databases and analytical applications are core to the evidence-based analysis carried out by our statisticians, economists and policy analysts. Authors create more than 12,000 official documents each year using a guided authoring environment, and collaborative systems allow OECD staff and countries to work closely together.

Moreover, the daily (and increasing) demands of the organisation for faster download, wider reach and newer applications must constantly be met. The entire *acquis* of OECD Instruments, Acts, Recommendations and Bodies

The speed and volume of information are set to accelerate

databases are available online. The OECD is known for its robust statistics, and in a fast and competitive world where people want today's data now, this demands state-of-the-art technology to collate, manage and read the massive flow of data coming in from statistical offices and other sources, as well as publishing them in user-friendly, compelling formats.

Meetings are IT-intensive too, both in their preparation and their execution. Over 50,000 delegates and experts from around the world come to the OECD every year to attend some 2,000 meetings. Our experts also attend meetings abroad. All of this provides information which must be gathered, processed and managed in easy-to-use, yet sophisticated databases. The OECD's Event Management System (EMS) has streamlined the meeting organisation and management process and has changed the way the OECD stays

in touch with its network around the world. It provides all players with immediate, accurate and timely information, to help with conference organisation, registration and scheduling.

Such demands are set to increase. Laptops, tablets and smartphones are standard requirements today, but who knows what will be added tomorrow? Changing demographics, the consumerisation of IT and mobility, and the blurring of lines between home and work life require a dynamic and evolving IT environment to meet the demands of tomorrow.

Downloading a document is no longer enough, as users must also be able to adapt it and share it with colleagues and friends. People want more video and voice too, and often in real time. The adoption of social media networks as business tools is taking hold, as organisations engage stakeholders in strategic and product development. All of this contributes to the knowledge-building process the OECD thrives on.

In this fast-changing world where rapid access to information is increasingly important, all systems must be available 24/7. Basic factors such as electricity, cyber security, disaster recovery and backups must be planned for. Energy use and efficiency go hand-in-hand with information and communications, and so does reducing the environmental impact of IT.

Developments in information and communications technology have markedly improved the quality of life and work of the OECD as they have in millions of organisations, businesses and households around the world. As we look forward to the next 50 years, new trends will emerge, which will bring new opportunities for improving our knowledge base and the way we gather, manage and diffuse our information so that member and partner countries can build better policies for better lives.

Visit www.oecd.org/general/olis.htm

Can big data deliver on its promise?

Martine Durand, Director, OECD Directorate of Statistics



Did you know that, according to the UN Global Pulse, more data was created in 2011 than in the whole of human history, or at least, since the invention of the alphabet?

Technological and social innovations are resulting in huge flows of new data every day. This proliferation of so-called “big data” has the potential to change the way information is collected and used to inform policymaking.

New sources of data are increasingly providing real-time information to analysts and policy-makers. For example, it is now possible to collect price data on a wide range of goods and services with smartphones, and then calculate a daily price index. Similarly, job offers posted online provide a new source for analysing labour market trends, while data on Internet financial transactions and sales are

increasingly used to forecast world output. At the same time, social networks such as Facebook and Twitter have already revolutionised the way policymakers

Big data does not automatically mean bigger and better information

interact with civil society. Governments use these networks both to push their messages out and to pull information in that may influence the design and targeting of policies as people place more of their personal information on social networking sites.

International organisations are getting involved too, the creation of UN Global Pulse being a case in point. The OECD has also been harnessing the potential of big data. Collecting statistics and understanding trends are the daily bread

of our organisation, and we have built innovative, interactive tools to draw in more and better information from the public. This, in turn, feeds into improving the policy recommendations we give to governments. The OECD Better Life Index is a good example of this. Launched in 2011, it is a user-friendly web application that members of the public can use to compare the quality of life in different countries and to develop their own indexes based on their tastes and preferences. They can then share their indexes far and wide, including with us at the OECD. Since 2008, the OECD has also been employing its Wikigender and Wikiprogress platforms in the area of gender equality and societal progress to engage in, and facilitate, policy dialogue with governments, civil society and citizens in all the countries in the world.

In OECD countries, national statistics offices are beginning to use big data to improve the timeliness and cost-effectiveness of their statistical production, too.

But big data does not automatically mean bigger and better information, and an increasingly important function of national statistics offices in the future will be to help users separate high quality statistical information from low quality data coming from all kinds of new sources.

There are other challenges too. One is Internet privacy, which is at risk of being undermined by relentless hunting for greater and more detailed information. And another is finding innovative ways to communicate and present the stories that the flood of new data generates. These are all challenges the OECD is addressing, so that, like the alphabet, the age of big data brings clear benefits to policymakers and citizens alike.

Visit www.oecd.org/statistics
www.oecdbetterlifeindex.org

O'Reilly, Marie, (2012), “Interview with Robert Kirkpatrick, Director of UN Global Pulse, on the Value of Big Data”, 5 November, available at www.theglobalobservatory.org

Information society: Which way now?

Andy Wyckoff, Director, OECD Science, Technology and Industry Directorate

The future will be inherently knowledge-based. Are we moving in the right direction? What must we know to be able to get there? Understanding knowledge-based capital is an important first step.

As the economy emerges from the financial crisis and the lingering period of slow growth, four trends in science, technology and innovation are emerging. First, a slowdown in innovation due to heightened risk aversion and a paucity of risk capital; second, widespread structural change as the information revolution goes mobile and e-commerce reaches a level where it is the dominant force in retailing, enabled in part by the power to mine vast quantities of data; third, developments in information technology and other forces are leading to greater specialisation and the growth of complex global value chains; and fourth, the growing recognition that the key to sustained competitive advantage lies in the exploitation of knowledge-based capital, such as research and development (R&D), skills, brands and organisational structure. It's about largely tacit knowledge that is hard to replicate and tends to be "sticky", or rooted in a particular locale.

These four trends are interconnected and self-reinforcing. Combined, they will require us to redefine and update our thinking about the economy and about appropriate policies in a wide range of areas that themselves are changing, such as global taxation, competition, finance, skills, trade, technology, and types of structural policies. They also offer new opportunities, provided that these tech trends can be harnessed.

While scientific and R&D activity has been reduced by the crush of the crisis, there are exceptions in specific sectors like information and communication technology (ICT), and in Asia, where innovative activity remains strong. In fact, they were barely affected by the downturn

of the last five years. The increased use of the Internet has forced business models to change, causing significant restructuring in a number of sectors, including news and publishing, advertising, travel, banking and the retail sector.

The combination of smartphones and wireless broadband connections with "cloud" computing promises to unleash even more structural changes. The advent of the ability to draw on vast amounts of data to optimise logistics, customer relations and make real-time decisions could have a significant impact, particularly on jobs of a "transactional" nature.

ICTs have helped drive the rise of global value chains, which surpass old notions of national borders, and will change

Global value chains surpass old notions of national borders

what economies produce and how they are steered and managed. With global value chains, stages and interconnections matter more than places or sectors. Competitiveness can no longer be solely assessed in terms of gross export performance: imports count too. The GVC concept will affect a wide range of other policy domains, including industrial policy, skills, access to markets, the role of capital and the use and protection of intellectual property.

In a world where stages and tasks matter more than the final products being produced, global value chains also challenge our orthodox notions of where economies find themselves on the value-added curve. Whether in smartphones or airplanes, most of the value of goods is typically created upstream where product design, R&D or production of core components occur, or in the tail-end of downstream activities where marketing, branding and distribution occurs. The same applies to services, such as insurance claims, clinical trials for drugs and air

travel. A policy priority in most economies is to jockey for position in higher value-added activities and market segments. Knowledge-based capital, such as software, R&D, branding and intellectual property are keys to competitiveness and employment. In many countries, investment in such capital may well exceed traditional investments in machinery, equipment and structures, although corporate reporting and national accounts do not yet fully consider these assets.

Like any deep structural shift, building a knowledge-based strategy and finding a foothold in global value chains will require effort, and it may initially exacerbate employment and inequality problems. But the prize will be the opening up of huge opportunities that not only boost productivity, but also address many social and environmental challenges of our time, from ageing to climate change to development.

Visit www.oecd.org/sti

Reading for knowledge



Order now at
www.oecd.org/bookshop

Getting to know each other: The OECD and Latin America

José Antonio Ardavín, Head, OECD Mexico Centre



Three cheers for better policies

Nearly two decades ago, in May 1994, Mexico became the first Latin American country to join the OECD. Not long after, in 1996, the secretary general of the OECD at the time, Jean-Claude Paye and the then Mexican minister of foreign affairs and current secretary-general, Angel Gurría, opened the OECD Mexico Centre. Initially, our job was to promote OECD publications in Mexico and throughout Latin America. But that mission has grown since, to include “disseminating, promoting and making accessible better policies, to governments, economic and social actors throughout Latin America, for better lives of their citizens”.

The OECD and Latin America have got to know each other far better during this period, thanks largely to the Internet which was also born around the same time. Take information itself. Previously, the dissemination of OECD work was mainly carried out through printed books, which limited our distribution in Latin America. However, online subscriptions, notably via OECD iLibrary, have helped us build growing audiences in Brazil, Colombia, Chile, Argentina, El Salvador, Venezuela, Peru, and more.

Meanwhile, the Mexico Centre and other partners produce more and more Spanish

and Portuguese translations of OECD publications every year, which audiences can access via iLibrary. Online traffic to OECD iLibrary from Latin America grew 38% in 2012 compared with 2011.

In addition, the OECD Mexico website has become the OECD gateway for Spanish speakers. The traffic to the website has doubled over the past three years, to over half a million people.

Social media has been a major asset in helping our dialogue with Latin American citizens. The Twitter account

With visibility and interaction comes responsibility

@ocdeenespanol now has nearly 20,000 followers, and we see that number continuing to grow. Such innovations have not only helped us to communicate directly with ordinary people, but also to position the OECD at the heart of important debates. During recent heated discussions and demonstrations on Chilean education reform, for instance, the “OCDE” became a hub of knowledge and data, allowing us to trend on Twitter.

But with visibility and interaction comes responsibility. There is an interesting

paradox in all this. IT has transformed OECD relations with non-OECD countries as well as with members such as Chile and Mexico. But this has also brought these countries under more scrutiny. And the more governments seek an active engagement with the OECD, the more citizens and the media become involved, and informed. They see how their country is performing, over time and can compare it with others. They learn about the challenges. And they use OECD information to hold their governments to account for their actions (and inaction) regarding key public policies.

This activity might make government officials feel uncomfortable at first, particularly if confronted with unfavorable international comparisons. After all, it is not easy to be up against the world’s best performers in so many policy fields, particularly for developing countries. But then again, that is what reality checks are for: not to limit, but rather to encourage a better performance. Just look at Mexico, which after 18 years of being subject to such scrutiny and public debate, seems finally to have entered a virtuous cycle of progress. It is proof that better policies do indeed lead to better lives.

Our growing and promising co-operation in Latin America is just beginning. As well as our many publications—the *Latin American Economic Outlook* is already a milestone after six editions for instance—the newly launched OECD Latin American and Caribbean Initiative is already producing valuable results, thanks to constant dialogue and intelligence-sharing in the fields of taxation, innovation, investment and public services.

Latin America has transformed since 1994, and the information revolution continues to play its part in nurturing this new knowledge society. If this momentum is built upon, then the next 10 years could truly become “the decade of Latin America”.

Visit the Mexico Centre website at www.oecd.org/centrodemexico

Combating terrorist financing in the information age

Rick McDonell, Executive Secretary
Financial Action Task Force

The explosion of the information world has been a benefit for our organisation, but has raised its own set of new problems.

The Financial Action Task Force (FATF) is an inter-governmental policymaking body, with a ministerial mandate to establish international standards for combating money laundering and the financing of terrorism and proliferation.

It relies on building networks, accessing information and issuing reports. We use tools such as a blacklist which helps to put peer pressure on countries to step up their fight against terrorist financing and money laundering.

With the Internet, more people can access our work, and more people can consult with us too. Also, the impact of our announcements and awareness of the FATF and what it means has probably been heightened by the likes of social media, particularly retweets. But while we welcome increased transparency and openness, for the FATF to be effective, it remains necessary for us to maintain confidentiality and discretion. This need has been a hallmark of work at the OECD too. Deciding on the balance between transparency and discretion, communication and confidentiality, is a matter of judgement.

We do not operate by blazing lights, but by soft pressure and building confidence and trust. Real actions sometimes depend on discretion and patience, and the fast speed of real time communications can add unwanted pressures.

There is also another challenge: improved IT has made it easier for people to finance terrorism and created opportunities to cover up money laundering activities. The FATF has recognised the need to address the risks posed by new technologies being used by criminals to launder money and

finance terrorism. The FATF standards require countries to assess the risks posed by new products and delivery methods, and we have conducted studies into emerging money laundering and terrorism financing techniques to ensure that its standards remain up-to-date.

There has been a significant rise in recent years in the number of transactions and the volume of funds moving through new and innovative payment methods such as prepaid cards, mobile payments and Internet-based payment services. The rapid development and dynamic nature

Deciding on the balance between transparency and discretion, communication and confidentiality, is a matter of judgement

of these new payment methods has created challenges for countries and private sector institutions to ensure that these products and services are not misused by criminals. The risks of money laundering and terrorist financing vary depending on the functionality of the service and the presence of measures to prevent criminal misuse.

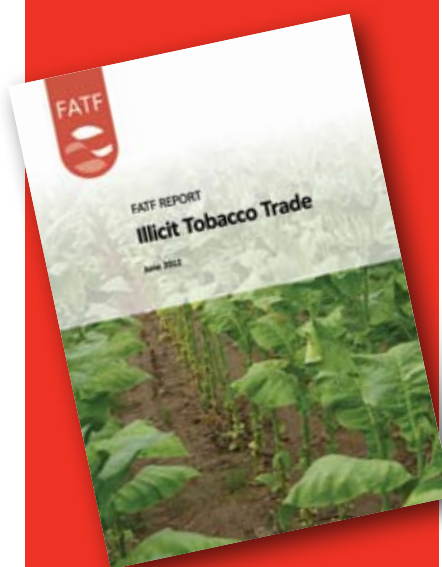
The Internet and related technologies such as Twitter and Facebook have contributed to strengthening the role and the image of the FATF's Global Network. Over 190 countries have committed to implementing the FATF Recommendations and protecting the international financial system from misuse by criminals and terrorists. These countries are part of the FATF's Global Network through their membership of the FATF and/or one of the FATF-style regional bodies. This structure is represented in our new website which has been designed as a gateway to these bodies too. So when you see our website, you see the FATF Global Network.

Visit www.fatf-gafi.org

Standards against abuse

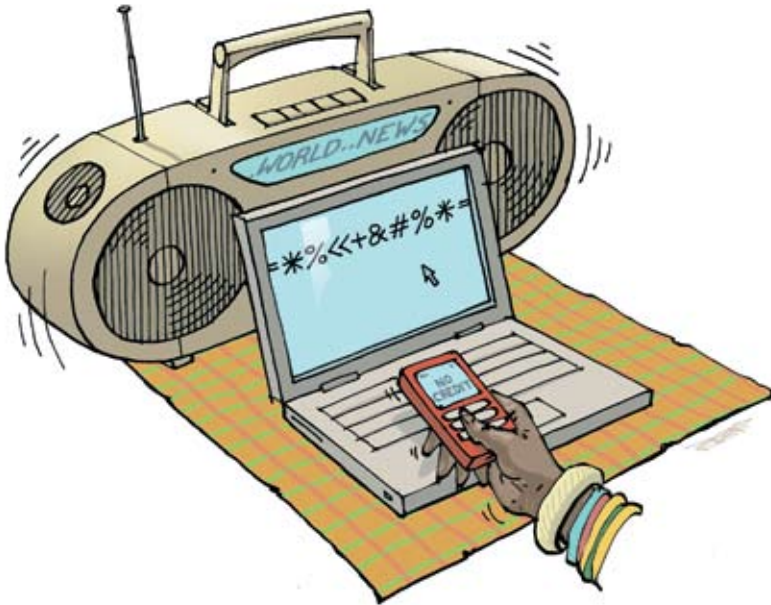
Download today

www.fatf-gafi.org



Africa.radio

Roman Rollnick, Chief Editor, Advocacy, Outreach and Communications, UN-Habitat



Though mobile technology is making waves in Africa, airwaves still count.

At the start of the new millennium, mobile telephones were a novelty in Africa. An *OECD Observer* article claimed then that leapfrogging had started as mobile telephony took hold. In most countries it took weeks or months for people to get a landline. And in many countries, the communications infrastructure was insufficient, and poorly maintained.

In the cities of sub-Saharan Africa, from Cape Town to Nairobi, Addis Ababa, Luanda, Kinshasa, Lagos, you name it, 50 to 80% of people live in slums, most of whom are denied access to health services, education, clean water and sanitation. Computers? Forget that, they come later after decent shelter, human and civil rights.

More often than not in urban Africa, the city economy thrives on the informal sector, and the wonderful small initiatives people take to improve their lives in their own way. Big government and big business are another world away, which in Africa belongs to the wealthy elite. They live on

the other side of town, sealed off from the sea of humanity, eking out a living in the slums. In Nairobi, there are nearly a million people living in a slum called

People have the phones, but most have little credit

Kibera, which is roughly the size of a golf course. In fact, it is right next door to the exclusive Royal Golf Course. In Cape Town, the slums are growing daily. Like Nairobi, Cape Town has one of the highest Gini coefficients in the world—an internationally accepted yardstick of the gap between rich and poor.

As mobile phones became cheaper and smarter, more Africans bought them. Mobile telephones allowed Africa to bypass the traditional terrestrial systems prevalent elsewhere in the world. And their impact is greater in Africa than anywhere. Example: in anarchic, conflict-torn Somalia, mobile telephone services are more easily accessible, available and cheaper than in most other places in the world; Uganda is believed to have three times as many SIM cards as people living within its borders.

Kenya is similar. The mobile phones have enabled Africa to leapfrog computers too, despite the digital and educational divide. Africa now stands poised to take advantage of new tablet devices. Most people use the French developed M-Pesa mobile phone payment system to send small sums to loved ones or pay their bills.

So, as the *OECD Observer* predicted in 2001, Africa was able to leapfrog straight from little or no phone service to mobile phones and the Internet, but the gap between the industrial and the developing world remains enormous. People have the phones, but most have little credit. There is also a literacy issue as well. Radio and TV still definitely rule, not the Internet.

Is this an indicator of the digital divide that the vast majority of people in Africa today still rely on the radio for news and information? In Kenya, for example, like in Côte d'Ivoire across the continent, the BBC World Service and Radio France International are available to listeners on the FM radio. Local television channels in Africa offer an even wider range of international broadcasters.

Still, the potential for growth of the mobile telephone and tablet market in Africa is arguably the greatest anywhere in the world. Three major undersea cables serving east Africa mean that the Internet is faster in Nairobi than in the continent's wealthiest economy, South Africa.

And how appropriate that leapfrogging has been. Just 60 kilometres west of Nairobi, in the Great Rift Valley, some of the world's earliest hand-held devices are to be found if you care to look carefully: those beautifully shaped stone hand-tools made by our *Homo erectus* ancestors dating back some 900,000 years.

Visit www.unhabitat.org

Jütting, J., J. de Laiglesia (2009), *Is Informal Normal? Towards More and Better Jobs in Developing Countries*, Development Centre Studies, OECD Publishing.

James, Edwyn (2001), "Learning to bridge the digital divide" in *OECD Observer* No 224, January.

Is evidence evident?

Anne Glover, Chief Scientific Adviser to the President of the European Commission



Science and technology play a central role in our society. They are part of everybody's life, they help to tackle the grand challenges of humankind and they create innovation and jobs and improve quality of life. Science and technology are part of our culture, and in essence define us as a species that "wants to know"—hence why we are called *Homo sapiens*. But do we really give science its proper value when it comes to taking political decisions?

Biotechnology and genetics in particular, are striking examples. Take genetically modified organisms (GMOs). The scientific consensus is that GM food is not riskier than conventionally farmed food. If you look at the scientific opinions the European Food Safety Authority (EFSA) has delivered in this field, you might be puzzled to see that some EU Member

States vote 100% in favour of the scientific opinion, while others vote 100% against the scientific opinion—based on the same evidence.

This voting behaviour suggests that public opinion and perceptions, and not the evidence of science, steer debate more in some countries than in others. This does not serve all citizens well as everyone deserves to benefit from leading-edge scientific knowledge being generated in Europe.

Are there lessons to be learned for the introduction of future technologies? How can we achieve a more rational and robust societal debate that balances both the risks and the rewards?

First of all, scientists must communicate more proactively about their research and their methods. Research not

communicated is research not done. If scientists don't communicate effectively about their findings, other more doubtful lobbies will fill the gap and the societal debate will get off on the wrong foot. Once this happens, it is very hard for even the best scientists to make themselves heard.

In the case of biotechnology this means that generating first class knowledge is not enough. Scientists must better communicate what biotechnology can offer to enhance people's lives or to tackle wider challenges in the fields of health and food security, for instance. This does not mean that risk assessments should not be done or ignored, on the contrary. But risks need to be put into perspective and balanced against the likely rewards.

The language used by scientists is also important: it must be easy to understand, while not neglecting the communication

of uncertainty. In so doing, scientists must show genuine empathy for public concerns and avoid being perceived as arrogant about “owning” the truth. Scientists need to be honest about what they know and what they don’t know—the public deserve our respect.

When communicating with policymakers, it is essential to not leave them with one single choice. Scientists must offer a range of options from which policymakers may choose. They all may lead to the same goal and offer benefits, but the way of getting there might be different.

Timing is also crucial: there is no point in delivering a superb report one week after the political decision has been taken. Therefore, the policymaking and knowledge production cycles must be synchronised in a smart manner. Scientists need to understand how the

policymaking machine works and at which points in time scientific input is most urgently needed. By the same token, politicians need to understand that

Research not communicated is research not done

science is not delivered at a stroke and that building up evidence takes time, not least for accuracy checks.

While scientists should set their results in a broad, societal context, we must also challenge politicians not to cherry-pick the science that suits their view of the world, or short-term political goals. The body of evidence needs to be seen as a whole. And if politicians reject the evidence, we should expect from them honesty and transparency about their motivation. Of course, politicians are free to ignore the evidence—they are elected—while

scientists are not. Science is just part of the decision-making exercise and it may well be that depending on the circumstances—and for good reasons—economic, social, ethical or electoral concerns prevail. But if politicians choose to ignore the evidence, they should say so and say why. This will enable citizens to make up their own minds and to challenge their representatives. As Nobel prize-winning US Energy Secretary Steven Chu put it: “You are entitled to your own opinions, not your own facts”.

Nor is evidence a matter of opinion. Maybe we all need to be a bit bolder on that point in our communications: scientists with politicians, and politicians with the public.

For more on Professor Anne Glover, see ec.europa.eu/commission_2010-2014/president/chief-scientific-adviser

Visit the European Food Safety Authority at www.efsa.europa.eu



FOOD FOR
THOUGHT

Global economic power and influence is rapidly shifting east. But the onset of the Asian Century is accompanied by what some observers are calling the Asian Paradox: the fact that the world’s fastest growing region is home to almost half the world’s extreme poor, and faces major challenges in areas such as health, governance and food security.

At the University of Sydney, our experts are working to find solutions to these real world problems – experts like Robert Park, who is developing new strains of wheat that are resistant to the rust diseases that devastate crops and threaten the food supplies of millions.

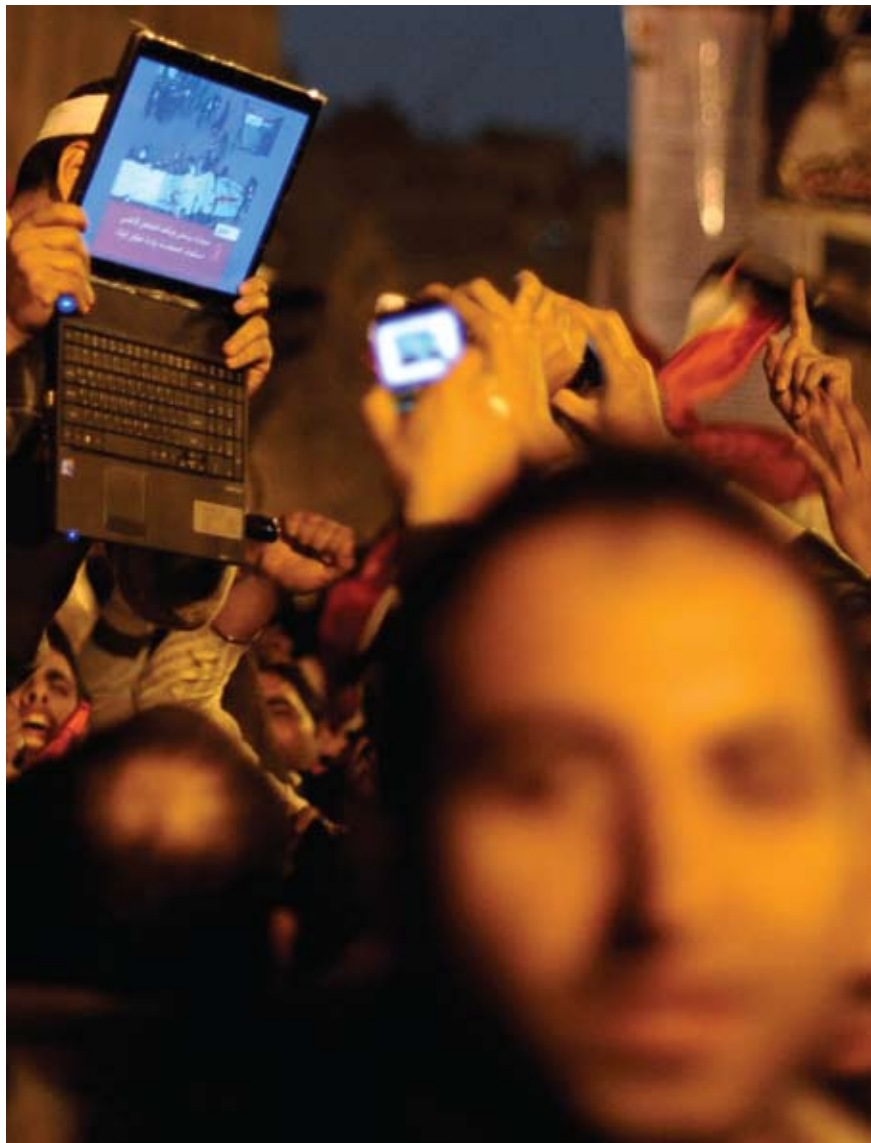
It’s just one example of the impact our research is having on the world.

Active minds. We change worlds.

For more information, head to sydney.edu.au

News that's fit to post

Monique Villa, CEO of the Thomson Reuters Foundation



©REUTERS/Amr Dalsh

The media is changing, but must assume a leading role in the unfolding narrative of the information world. That includes building trust and involving new voices in the discussion.

When the winds of the Arab Spring blew across North Africa into Cairo's Tahrir Square, the people of Egypt gathered to tear down every symbol of the hated dictatorship: not just the government

and its apparatuses, but the media organisations that had censored and self-censored to further Mubarak's rule for 30 years. But with so much happening so fast, the people still needed sources of news that was accurate, independent and, above all, a trustworthy account of what was going on around them.

The year before revolution swept through the Arab world, the Thomson Reuters

Foundation, as part of our mission to improve the standards of journalism around the world, had delivered extensive training for journalists in Egypt. As the situation escalated, a group of journalists from Cairo who had benefited from our training requested the support of the foundation to fill Egypt's growing news vacuum. A team from London rushed back to Egypt, found funding and created Aswat Masriya, meaning "Voice of the People", a website that brings quality, objective journalism in Arabic.

It was an instant success, and has received two million unique visitors in the last year alone. Aswat Masriya became the reference for those looking for facts, not propaganda.

The website has been such a success—and such an important source of information for ordinary Egyptians—that what was initially a one year project from the

New media has arguably brought people closer to policymakers

Thomson Reuters Foundation has quickly become part of the drive for democracy in Egypt. The demand for quality media is so real that we have decided to extend the project with renewed funding that will keep the site alive for at least two more years.

The people of Egypt had been starved of the truth for too long and were determined to make a change. The world watched as ordinary people helped our understanding of unfolding events via social media, uploaded images and SMS texts. Their voices were heard all over the world.

Aswat Masriya is a great example of information as aid. Its mission is to empower ordinary people and to give them the facts they need for their political action.

Traditionally, the news media has acted as a buffer between governments and their people, holding governments to account and keeping citizens informed about both

progress and transgressions. Democracy itself demands that governments are monitored by media institutions. But creating an environment conducive to independent media is no easy task, requiring complex legislation, a highly professionalised journalist class and a sufficiently mature advertising sector.

For those of us in the international sector, all of this is only important in so far as it alleviates the suffering of the world's poorest people and helps us to formulate policies to achieve that. We know how

The shifts have profound implications for the way people consume information and hint at an unprecedented new role for specialist media

useful new media can be to an Egyptian protestor with a smartphone. But what about the starving child in Mali? Or the Burmese woman trafficked across borders to marry a man in China against her will?

As we approach 2015, the international dialogue around the Millennium Development Goals is changing. We are looking at what has worked and, perhaps most importantly for reasons of accountability and progress, what hasn't. But who will we include in that discussion? Is a New York committee room the best place to decide what is best for the world's poorest people? How will we be able to utilise social and emerging media to bring the voices of those most in need into the discussion—not just to measure progress, but also to inform each other about what is happening, why and when? Emerging media provides us with two-way channels of information that should be seen as tools of accountability.

For a new media revolution to be fully harnessed in the interests of true global development, we must ensure that all the voices of the South are brought into policy debates. With more citizens

uploading videos or using Twitter to comment on the world around them, new media has arguably brought aid beneficiaries closer to policymakers. It is also challenging the traditional media's tendency to put western commentators at the forefront of trusted analysis, while keeping voices from the ground on the sidelines, using them only for tone or as case studies.

Established news organisations like Thomson Reuters have an important role to play in this process. "Citizen journalism" is growing in importance and influence, but traditional media is still often the best placed to provide footage, images and insight.

These shifts have profound implications for the way people consume information—bypassing traditional media—and hint at an unprecedented new role for specialist media, a lot of which may not subscribe to the core journalistic values we take for granted.

Paradoxically, perhaps, it also hints at an even greater need for traditional media to act as a kind of trusted filter. This is what the Thomson Reuters Foundation is attempting to achieve with our training programme of journalists in Egypt after the revolution, and elsewhere around the world.

Media has certainly changed forever. The gates of the fourth estate have been thrown wide open. Anyone may enter this hallowed ground, but in order to ensure that the debate remains both civil and useful we must agree on who can be heard and when.

References

Visit www.trust.org, the portal of the Thomson Reuters Foundation, the philanthropic wing of the multimedia news agency.

Visit en.aswatmasriya.com

Your key to the OECD

An award-winning* magazine and online service to keep you ahead of today's economic and social policy challenges. The OECD Observer magazine presents authoritative and concise analysis of crucial world economic and social issues. It helps business, NGOs, academics and journalists to stay ahead of the policy debate.

- Expert views on global issues
- Special in-depth reports
- Key economic, social, environmental and scientific data
- Links, references and bibliographies for further research and background
- Listings of meetings, books, reports, working papers, etc.

Plus the agenda-setting OECD Yearbook, free with every order.

Subscribe to the OECD Observer print edition today at www.oecdbookshop.org or benefit from a special two-year subscription rate only available at www.oecdobserver.org/subscribe.html

**2002 Highly-Commended award from the Association of Learned and Professional Society Publishers, UK*

For editorial queries, contact Observer@oecd.org



Asia's information revolution

John West, Executive Director, Asian Century Institute*



The rise of IT and the Internet have been boons to Asia, but not everyone has benefited. There are challenges to overcome, not least in the area of governance.

The global information revolution is having profound effects on economies, societies and politics in Asia. This should not be a surprise. After all, improved access to information is of fundamental importance to development, as it can facilitate the necessary improvement in an economy's knowledge base, as well as more transparent and accountable governance. And information and communications technologies (ICT) enhance integration into the global economy.

But why have so many once-poor Asian countries been able to take advantage of ICT, more than other developing countries? The main answers are history, timing and China. The impact of the information revolution has been greater in Asia than elsewhere because the region has always

been both an important producer and user of IT products. Indeed, Asia has always been fertile ground for information-based activities. China was at the heart of arguably the first information revolution when it invented paper making and the printing press in the 9th century, and

China was at the heart of arguably the first information revolution when it invented the printing press in the 9th century

propagated to its neighbours a Confucian culture which values education. The contemporary information revolution arrived at the same time as China's economy was opening up again, and as Asian countries were experiencing the most dramatic period of economic development that humankind has known.

Rapid progress in IT and investments in the necessary infrastructure have been key drivers of the information revolution

in Asia, which in turn has underpinned rising levels of prosperity and education across the region.

Asian economies like Japan, Korea, Malaysia, the Philippines, Singapore, Chinese Taipei and Thailand are now all important producers of hardware, while Korea's Samsung is now a global leader in many product areas, including smartphones.

Korea is the world's most advanced player in ICT, according to the International Telecommunication Union (ITU), a UN body, which says that it is overtaking many other economies like the US, Japan and Germany which have much higher GDPs per capita than Korea.

A number of other Asian economies were ranked by the ITU to be in the world's top 20 for the "ICT Development Index", notably Japan (8th), Hong Kong-China (11th) and Singapore (12th). Other Asian countries stretch way back in the overall list of 155

countries, with Malaysia ranking 58th, China 78th, the Philippines 94th, Indonesia 95th and India 119th.

Rising levels of education are in part due to better access to ICT, while at the same time the ability to absorb and use information are being enhanced. Many Asian economies are also global leaders in education. The OECD Programme for International Student Assessment (PISA) ranks Shanghai-China, Korea, Hong Kong-China, Singapore and Japan in its top 10. China is also becoming an important research centre (see Databank). However, both Thailand and Indonesia are much lower down the list, reflecting Asia's "education divide".

The ICT revolution has facilitated the development of East Asia's manufacturing production networks, or value-chains, that have enabled many economies to jump on a fast track to development. A classic example of these production networks is Apple's iPhone. Its branding, design and marketing are undertaken in the US. Most of its high-tech components are produced in Germany, Japan, Korea and Chinese Taipei. And finally, the lower value-added assembly stage is conducted in China.

Meanwhile, many advanced countries have off-shored many back office functions, as well as creative processes, such as 3D animation, video game development, and sound engineering, to less advanced economies, such as India and the Philippines, with their strong English language and IT capabilities.

A key factor in the Asian story is youth. Asia's "tech-savvy" young generation is vastly more informed, connected and empowered than their parents (and leaders), thanks to the combination of technology and improved education.

The information revolution has helped change the relationships between citizens and government authorities too. As democracy has taken hold in some

countries, and civil society has asserted itself, several countries such as Bangladesh, India, Indonesia, Mongolia, Chinese Taipei and Thailand now have laws enabling the public to request and receive government-held information.

For China and other countries with one-party dominant states, the Internet, overseas travel and more open economies and societies have also improved public access to information. Surveys such as those by Freedom House may well judge the Internet and the press in China not to be free. Yet China is estimated to have around 500 million Internet users—that's more than the US and Europe combined. Its social media is very active with China's own version of Twitter, "Weibo".

The Communist Party of China follows public opinion very closely, notably about corruption, as witnessed by the recent demise of once-political frontrunner, Bo Xilai. The outgoing president, Hu Jintao, remarked that combating corruption and promoting political integrity are of great concern to the people and, if not handled well, they could even cause the collapse of the party and the fall of the state. China is well aware that social media has played a role in mobilising political movements like the Arab Spring and the second People Power Movement in the Philippines.

Asia has been the success story of the past 50 years, as a wave of knowledge, innovation and progress as swept through the continent, starting with Japan in the 1960s and 1970s, and continuing with China beating a new path forward. The challenges of education and digital divides remain, and reforms are needed in several countries to boost telecommunications and electricity services. Nevertheless, future headlines will surely record that this was Asia's century.

*John West spent 22 years at the OECD during which time he worked in the secretary-general's office, and was head of Public Affairs. He helped launch the OECD Forum in 2000. John has worked in Japan and has travelled extensively in China and elsewhere in Asia.

Visit www.asiancenturyinstitute.com

Korean knowledge

Korea is one of the world's fastest growing economies and a global player in trade and investment. And Tae-Shin Kwon, former ambassador to the OECD and now vice-chairman of the Presidential Council on National Competitiveness in Korea, is in no doubt as to the main causes of his country's success.

"Korea's economy is based on exports, thus our relationship with other countries is one of the most important factors for the economy. Information and communications technology has connected Korea with other countries faster, and at a lower cost," he told the *OECD Observer*.

But for Mr Kwon, knowledge is essential, so what really made the difference was the people. "There would be little point investing in ICT if people were unable to use it, or if the legal system impeded people's access to information sources."

Various promotional policies helped ICT to expand, and the government put in place a legal and regulatory system to promote a transparent society.

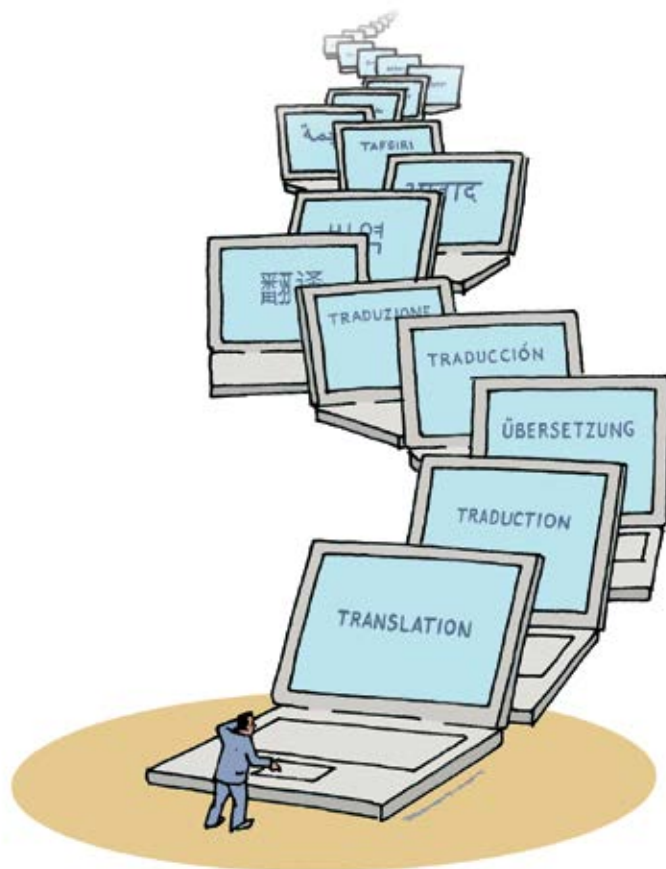
All of this has helped improve the country's governance. "As people use ICT infrastructure more, they can more easily make their wishes known to the government," Mr Kwon notes.

ICT has brought spin-offs for education too, with Korea being consistently among the best performers in the OECD PISA school surveys. "Internet literacy and our advanced ICT infrastructure quite simply opened the door to the information society", Mr Kwon remarks.

Visit competitiveness.go.kr

The changing art of language

René Prioux, former Head of Translation, OECD*



Translators are at the forefront of global communications and knowledge. Yet their work has not always been helped by the information revolution. Here are the challenges.

If you are reading this article in English, you should bear in mind that it was originally drafted in French. But such is the art of the translator, to do their job in such a masterly yet invisible way, that you would probably never have noticed had I not pointed it out. Yet translation is a highly-skilled and difficult job. Has the work of the translator been improved by innovations in technology in recent years?

When the OECD was established just over 50 years ago, information and

communication technologies were in their infancy. The term “computer” had been coined just a few years earlier and neither the Internet nor microprocessors had been invented. And televisions were just beginning to appear in people’s living rooms.

In the world of translation, most information was sourced from technical manuals, dictionaries, specialised publications and experts. Terminological research was extremely time-consuming since information had to be sought out mainly in public and private documentation centres or in works sold by specialised bookshops. Time was just as precious as it is today but it was quite common for translators to spend hours

tracking down information in libraries simply because there was no alternative. Machine translation (MT), first researched in the US in the late 1940s at the beginning of the Cold War, was making its first hesitant steps. Translators at that time would type their texts in duplicate using a typewriter and carbon paper. At the current rate of progress, touch-screen tablets are as likely to be seen as outdated in a decade as typewriters are today.

In the space of several decades, the world of translation has changed radically. Dictionaries have been elbowed aside by databases. Analogue Dictaphone cassettes have been dislodged by digital voice recognition software. Fifty years on, MT is still struggling with problems it seems far from capable of resolving and has been overtaken by computer-assisted translation

Only human minds can unravel the threads of a rambling speech or complicated logic

(CAT), which can quickly find sentences and parts of sentences that have already been translated in countless original texts and human translations stored in servers. Faster flow management tools now help to manage the processing of translation requests, and new technologies have made outsourcing much easier. The Internet has worked wonders in revolutionising the search for information and is greatly prized by translators who use it to find answers to many of their questions.

This looks like a hugely positive balance sheet. But on closer inspection, the picture is more mixed. Yes, documentary and terminological research techniques have improved spectacularly, and networks link one end of the planet to another—something even the most visionary thinkers could never have imagined half a century ago. Yes, the Internet means that details about a person, event or subject are just a few clicks away. And yes, we can track an order in real time and put out

countless tables of statistics. Indeed, given this embarrassment of technological riches, we should be entitled to expect substantial gains in both quality and quantity. Yet this has not happened. Indeed, progress has been derisory when compared to what has been achieved in terms of creating, consulting and managing information. Translation quality has not, alas, improved, and productivity has not stepped up to the levels promised by the most enthusiastic supporters of new technologies. At first sight, this gap between performance and technical progress is a mysterious one.

But in reality, there is nothing mysterious about it. Translation remains first and foremost an intellectual exercise which consists of analysing and understanding information before faithfully reproducing it in another language.

While modern tools can be used to quickly find terminological equivalents or explain unfamiliar concepts, it is the human mind that continues to do the work, to analyse, understand and reproduce the right text. For a start, most translation technologies are a guide at best, and can misguide the untrained eye. One only has to try Google's translation tool to understand this.

More fundamentally, only human minds can unravel the threads of a rambling speech or complicated logic. Indeed, source texts are increasingly peppered with errors due to the pressure of short deadlines, leading to poorly edited works that include multiple amendments by both internal and external hands along the production chain. Against this background, the translator is increasingly becoming an "investigator" who examines texts, or an "enlightened decoder" who clarifies, where necessary, the logic of the source text and the thinking of its authors by untangling the various traps encountered from sentence to sentence.

The decline in the quality of source texts has acted as a brake and counterpoint to the benefits of modern technology. The quality of translations suffers as a result

when increasingly tight deadlines mean that proper research cannot be done or the work of translators revised correctly. The growing specialisation and complexity of human activities and the broadening scope of sectors in demand are additional challenges facing translators who need to develop expert knowledge of a wide range of subjects within their main areas of expertise.

Moreover, it is widely accepted that it is possible to have too much of a good thing. There is a profusion of information now available, particularly online, but different websites give such contradictory accounts that translators often find it hard to separate the wheat from the chaff and have no option other than to continue their research in order to get at the truth. The array of technological means at their disposal can thus become a handicap. The situation reminds me somewhat of a bygone era when French students would pore over the famous *Gaffiot* Latin-French dictionary in the hope of finding complete French quotations from Virgil or Julius Caesar's *Gallic Wars* for their Latin essays.

In short, translators have become totally dependent on IT. Without Internet access, they are as lost as engineers without their calculators. No wonder network malfunctions are such a huge worry for translation services!

Despite these downsides, IT has made life much easier for translators on several fronts. Yesterday's translators would be completely out of their depth in today's world. Contemporary translators have not only adopted new technologies, but continue to keep track of developments in everything from MT to new means of communication such as social media and crowd-sourcing. In fact, translators remain very much in the vanguard of our time, ready to build knowledge and help foster progress through better communications for our global, multilingual, village.

*René Prioux spent 26 years at the OECD and was head of translation from 1996 until his retirement in 2011.

Found in translation

English and French are the official languages of the OECD, but as the organisation's global audience has risen, so has the demand for formal translations. The translation department now deals with about 20 other languages, including Arabic, Chinese, Russian and Spanish. Extra demand comes in (sometimes unpredictable) phases: for instance, there has been a great deal of Japanese to English work recently, reflecting new legislation and interest in the wake of the Fukushima accident of 2011.

Italian has also been in demand, reflecting the debt crisis in that country. Portuguese is another language now in demand, not just by Portugal, but also as a result of increased relations with Brazil and Mozambique.

The numbers for formal translation tell an impressive story. There are a few thousand requests each year. A standard OECD page is 300 words, and in 2011 alone some 70,000 pages were translated.

That's a lot of translating. As Mark Evans, a senior OECD translator, points out, this is the equivalent of producing an old *Encyclopedia Britannica* (about 150,000 standard OECD pages) every two years.

Meanwhile, the OECD Publishing division grants third rights for translations to meet local demand in many other languages too.

See www.oecd-ilibrary.org/about/copyright

Ad sense

An interview with **Richard Huntington**, Strategy Director, Saatchi & Saatchi



©Saatchi & Saatchi

Politicians have long called on the services of public relations firms, design experts and advertising agencies to help them communicate. What impact do they have, and how has their role changed? We asked one of the very biggest in the business, Saatchi & Saatchi, for some insights.

In 1979, a large, rather stark, poster appeared on billboards across the UK. The poster displayed a long queue of people shuffling under an awning that read “unemployment office”. At the top of the poster, in heavy black letters punctuated by a peremptory full stop, were the words “Labour isn’t working.” On the bottom margin, in a discreet, almost confessionary aside (the letters were the smallest on the poster) was the response: “Britain’s better off with the Conservatives”.

The poster was designed by a fresh and brilliant start-up named Saatchi & Saatchi. It was the first time in British history that

a political party had used advertising to help win an election. The poster caused a stir. Denis Healey, a senior figure in the Labour government of the 1970s, derided the Conservatives for selling “politics like

Political advertising is commonplace nowadays in most OECD countries

soap powder”. But the poster helped sway the British electorate in favour of Margaret Thatcher. It made Saatchi & Saatchi world famous, brought fame and fortune to its family founders, Maurice and Charles and opened a new front for campaign war chiefs. If Saatchi’s remains in the vanguard of communications globally, then those early days were crucial to its success.

“In fact, we learned a lot from selling soap powder”, says Richard Huntington, Strategy Director at Saatchi & Saatchi.

Bringing such an agency on board for the 1979 election campaign may have been a

first in British electoral politics, but not in public policy. “The UK has a rich heritage of investing significantly in government communications”, Mr Huntington points out, adding that “in an apolitical sense, this heritage has pretty much existed since the Second World War: the Ministry of Information and Propaganda during the war years for instance. But there was a ramping-up in the 1980s. By the time we reached the millennium the government was one the biggest ad buyers in the UK”.

Political advertising is commonplace nowadays in most OECD countries. Laws about advertising can be quite strict, such as in France, where each candidate is allotted 18 television spots—ten lasting 90 seconds and eight lasting three minutes, 30 seconds—during which time they cannot denigrate other candidates or seek donations. The opposite is true in the United States, where advertising is often pugnacious and (as was clear in the television spots for the recent US presidential election) seems mostly intent

on mocking the credibility of the opposing candidate rather than delivering a cogent political message.

Mr Huntington is a “planner by trade”. He came to Saatchi & Saatchi after a stint as planning director at United London. He is genially outspoken, iconoclastic and is a zealous and persuasive apologist for advertising in the service of the public good. On his website he describes himself as having “made rodeo sexy, produced food porn, helped men confront their fear of the telephone, and made Sky more appealing to digital refusniks”.

Saatchi has gone from strength to strength since those Thatcher years, when it was sought out by industries making the leap to privatisation, although

Blunt posters are not the preferred way forward anymore

it has since shifted away from policy-related communications. “On the whole, the agency was a favourite with fully-nationalised companies going private then. But we haven’t done a lot in that arena over the last ten years”.

In fact, in politics generally, though Saatchi added a communications edge to famous election campaigns, and not just for the Conservatives—the firm produced the “Not Flash, Just Gordon” poster for Labour in anticipation of elections in 2007 when Gordon Brown took over as prime minister from Tony Blair—its involvement has declined in recent years, says Mr Huntington.

He saw signs of change in the UK with the 2010 general election. One factor was voter apathy. “The decline in ideology has had a knock-on effect on people’s passion”.

For Saatchi & Saatchi, advertising has evolved as a concept. In fact, when Kevin Roberts took over as CEO in 1997 after a shareholder revolt compelled Maurice and

Charles to quit the firm, he dropped the word “advertising” from the name and rebranded Saatchi & Saatchi as an “ideas company”. The company’s vision of itself changed.

“The emphasis today is more on changing behaviour”, says Mr Huntington. “Once, the goal was to change attitudes to a subject in order to change behaviour. Now it’s the reverse: to change behaviour in order to change attitudes”. Changes in society have prompted this shift. People, Mr Huntington says, distrust the government, in part because of its moral high-handedness in the past. Today, people are more likely to relate to brands and icons. “Brands are now important to behaviour change. So instead of “government” we say “NHS” because we don’t like the government and we like the NHS.”

Social media is largely responsible for further recent shifts in register. “Stop smoking” campaigns in the UK are more positive than they were, he says, referring to the anti-smoking ads of another advertising agency. “Such campaigns nurture a change in behaviour through the use of emails, social media, etc. Unlike smoking campaigns 30 years ago, they don’t turn up on their doorsteps and shout at them. People can have their hands held today, whether it is has to do with buying a Toyota or getting down to a healthy diet”.

Nor are blunt posters the preferred way forward anymore.

“Our tools today allow us to have a more genuine dialogue with people. These conversations take them through the necessary stages to get them to do something desirable. People are acutely aware of who is talking to them. They are more cynical and much more connected. Our role is to manage that conversation”.
Lyndon Thompson

Visit Saatchi & Saatchi’s website at www.saatchi.com

Happy birthday, OECD Observer!

The Rolling Stones aren’t the only ones celebrating 50 years

November marks the 50th anniversary of the *OECD Observer*, an award-winning public magazine which addresses the policy challenges of our times.



Flicking through the issues, from 1962 to today, is like taking a trip through modern history. Benefit from our special 50th anniversary subscription rates at www.oecdbookshop.org

The complete archives of the OECD Observer will be available in 2013

How the world wide web was won

Robert Cailliau, Computer Scientist and Co-Founder of the World Wide Web and **James Gillies**, Director of Communications, CERN



©REUTERS/Valentin Flaureau

Did you know that the organisation that brought you the Higgs Boson (“god particle”) also brought you the world wide web? Robert Cailliau, one of its founders, and James Gillies, a first-hand witness, retrace the story.

The world wide web germinated in the mind of Paul Otlet in 1934, sparked the imagination of Vannevar Bush in 1945, developed more tangibly in the laboratory of Sam Fedida in 1973 and was definitively born in the office of Tim Berners-Lee at CERN in 1989.

Any idea with such a pedigree has to be a good one, and the web certainly is. Otlet

imagined access to libraries through telephone and TV, and collected 16 million references, establishing a sort of Google on filing cards. Bush, writing in the *Atlantic Monthly* at a time when the cutting edge of information technology was microfilm, imagined a very web-like system for organising information, and he called his article “As we may think”.

Fedida had the advantage of three decades of technological innovation to draw on when he developed Viewdata at the British General Post Office’s Martlesham Heath Research Station, and his invention went on to see considerable success in the UK, first briefly as telephone-based Prestel, but

more significantly as Ceefax, which was an information system accessed via television until it was closed down in October 2012. In France, Viewdata gave rise to the more interactive Minitel in the late 1970s, a secure system that was widely used around the country for consulting bank accounts and paying for airline tickets. Indeed, had history taken a slightly different turn,

Tim Berners-Lee had a paper rejected at the Hypertext ’91 conference in Texas for containing “nothing new”

Minitel might have grown to play the role the web does today. Fedida’s book, *The Viewdata Revolution*, still reads like a blueprint for the web.

But by 1989, Tim Berners-Lee at CERN had benefited from another technical innovation: desktop computing. After having been invented and dropped by Xerox in the 1970s, a couple of start-ups that came to be known as Apple and Microsoft made personal computing a reality.

Computer networking, which had originated simultaneously in the US and the UK, had evolved into the Internet. In the US, Paul Baran imagined a communications system that would be less vulnerable to attack from a hostile superpower than traditional telecommunications, whose architecture depended on a small number of telephone exchanges. Baran invented the concept of “packet switching”, whereby messages would be cut up into small chunks, and transmitted over a very distributed network in which no one exchange was critical. In the UK, Donald Davies reached the same conclusion, but with a very different motivation. He invented packet switching as a way to deal with the fragmented way computers handle information. The political impetus given by the USSR beating the US into space with Sputnik in 1957 led Eisenhower to establish the Advanced Research Projects Agency, or ARPA for short, to ensure that the US

would not be taken off-guard again. In the early 1960s, when packet switching came along, ARPA was ready with the vision and the cash to turn the idea into the continent-spanning computer network, ARPANET.

The next step came in France, where Louis Pouzin's Cyclades network built on the advances made by ARPANET. As Pouzin once said, "we were like Hertz and Avis—we came second, so we had to try harder". Pouzin's main contribution was to recognise that while networks might speak different languages, the important thing was that information could be exchanged between them. As he succinctly put it in a 1970s presentation, "network+network+network=network".

The ARPANET would borrow from his technology when it developed the protocol which defines the rules computers use to communicate with each other over the Internet in 1974, known as TCP-IP. When the French allowed Cyclades to wither, some of Pouzin's colleagues took that idea back across the Atlantic, where they teamed up with Vint Cerf, who is widely acknowledged as the father of the Internet.

The third ingredient Berners-Lee needed to dream up the web was hypertext, the point and click system of navigating through documents. By the end of the 1980s, hypertext systems were becoming very sophisticated, able to self-correct if documents were removed, for example, so that there was no such thing as a broken link. Tim's genius was to recognise that by doing away with that paradigm, you could put hypertext on the Internet: broken links would be an inconvenience you could live with.

Berners-Lee's motivation was initially for researchers. In 1989, he wrote a memo to his boss Mike Sendall entitled "Information management, a proposal", outlining a system that would allow the particle physics world to share information across the Internet. "Vague", scrawled Mike across the top of the document, "but exciting".

That was the nod he needed to proceed. In September of the following year, he took delivery of a pair of NeXT cubes, the latest thing in desktop computing produced by a company established by a certain Steve Jobs after he'd temporarily parted company with Apple, and by Christmas 1990, he'd written the basic foundations of the web: the http protocol, the html mark-up language, and the concept of the universal resource locator, URL. He'd also written the first web browser and server for NeXT computers, and a beautiful sight it was to behold. The only problem was that to witness it, you had to have a NeXT yourself, or else make your way to Tim Berners-Lee's office to see it.

Little wonder Tim and his colleague, Robert Cailliau, engineer and co-author of this article, who had become Tim's first partner on the web project, met with

When the French allowed Cyclades to wither, some of Pouzin's colleagues took that idea back across the Atlantic

limited success when they spent time evangelising for the web. Tim had a paper rejected from the Hypertext '91 conference in Texas for containing "nothing new" (see references, *OECD Observer*). Nevertheless, slowly but surely, the web began to grow. A key development came that year when Tim's technical student, Nicola Pellow, wrote a very simple "line mode" browser. It had none of the sophisticated graphics and editing capacity of Tim's browser, but had the advantage that it worked on the kind of line-mode terminals that were ubiquitous in research at the time. Suddenly, everyone in particle physics could use the web without having to make their way to Tim's office. The world of particle physics took notice.

Another significant moment came two years later with an ill-fated business decision. Back then, the web wasn't the only player vying to bring the Internet to the masses, and the front-runner was a system called Gopher developed by

Farhad Anklesaria and Mark McCahill at the University of Minnesota. The success of Gopher led the University to invent a very clever business model—sell the servers, but distribute the client (browser) for free. It was a great idea, but it came too soon and Gopher fizzled out. But it sparked a sort of gold rush for the web as all manner of innovative browsers for all kinds of computers started to appear. One in particular caught the world's attention. Called Mosaic, it was developed at the US National Center for Supercomputing Applications, and was the first browser that could be installed at a click on Macs and PCs. Mosaic morphed into Netscape, and this time the world took notice. The web had arrived, but to become worldwide, it would have to be as free and as widely accessible as possible.

Scene one of the final act came on 30 April 1993 when CERN issued a statement placing the web in the public domain, ensuring that the basic web technologies became an open standard and the intellectual property of no one. The climax came the following year, when Tim Berners-Lee moved to MIT to take up the role of Director of the world wide web Consortium, W3C. W3C is the body run by academic institutes and its role is to ensure that the web can remain an open standard.

It's hard to believe that there was a time, not so long ago, when there was no such thing as the world wide web. So ubiquitous has the web become that millions of us can hardly imagine life without it. Yet, the web still has a long way to go. In 1989, there was no such thing as the world wide web. In 2005, there was no such thing as Twitter. Who knows where the web will take us over the next couple of decades.

References

Larousse, David (2012), "Le boson de Higgs découvert avec 99,9999 % de certitude", in *Le Monde*, 4 July.

Gillies, James (2001), "Whence the web?", in *OECD Observer* No 224 January.

Face to Facebook with civil society

Phil Evans, Senior Consultant, FIPRA*



©Tomas Bravo/Reuters

Democracy is a good thing; transparency is too, and so is openness. Nothing too controversial in this statement, you might think. The veil of ignorance is slowly but steadily being lifted from the eyes of the general public across the world thanks to thriving media, innovation in global communications and the pressure on governments to open up and reach out.

There has been a revolution of accountability and transparency. Many politicians and government departments in many parts of the world now have a web presence and publish documents on it; many now respond to emails and some even enter into dialogue through Facebook and Twitter.

Revolutions do not tend to go into reverse, and people rightly expect this flood of information and transparency to continue stronger, which has forced many in government to change the way they deal with civil society and the wider world. In turn, the spread of the web and social media provides campaign groups with new opportunities and avenues to reach out to individuals directly.

However, this process has also created a series of drivers that fundamentally change the way individuals deal with each other and with all organisations and communities. We are certainly living in a world of the “long tail economy”, where the global market, powered by information and communication technology is allowing more people in more places to buy more things from more sellers based in more countries. Are we also seeing the emergence of “long tail politics” to go with it?

After all, it is quite common to see political or social “campaigns” spread across the world of Facebook in hours and days demanding change to one policy or another. Twitter can erupt with gossip and accusation and can precede conventional broadcasters by vital minutes in breaking news stories.

In the “old” days political campaigns were high cost for organisers and participants. They required real sacrifices and effort to get them going. They were almost entirely driven by vanguard communities acting collectively to exert pressure for change. Look at the Suffragettes, the trade unions in the 19th century and the Civil Rights movement, to name but a few.

The quest for change was difficult and highly organised. NGOs and political parties formed around these communities or co-opted them to their own ends. These groups became mouthpieces that could think collectively and separate the wheat from the chaff. The dialogue for campaigning was focused and deliverable—and was executed in disciplined ways.

Enter the “long tail” political world where the barrier to creating such communities has collapsed. Everyone has a voice and everyone has the means to use it. But is this an unalloyed “good thing”?

It is certainly not risk-free. The ability of social media to spread even erroneous and dangerous rumours like wildfire can have profound effects, as witness the

lynching of a senior ex-politician in the UK in November 2012 for an offence he did not commit. The stream of requests for “likes” for agenda issues on Facebook seems endless. Global support is even solicited for purely national causes, like electoral reform and legislation on same-sex marriages. In fact, the entry barrier is low for just about any “campaign” you care to set up.

What does this long tail politics mean for governments and civil society? The answer may not be particularly welcome

The zero entry barriers may globalise communication, but they atomise campaigning

news. The zero entry barriers may globalise communication, but they atomise campaigning and severely undermine the ability of civil society groups to edit and mediate messages, and then communicate them succinctly or pointedly to politicians and government bodies.

This atomisation lends itself most to the “funny cat video” of politics, and garnering simplistic crowd support for, say, providing shelter for homeless pets. The idea that expressing a “like”, “sharing” an image or political sentiment, or re-posting a tweet is in any way comparable to campaigning is underlined by the real and often apocryphal stories of the power of social media for force change. While the change is almost always minor in a wider political sense it seems major in a 24 hour news cycle fed by a social media driven world.

The atomisation of politics can really be traced back to the end of the Cold War and the collapse of ideologically driven politics. While we have not quite witnessed the end of history, we have seen long tail politics unite huge communities of people but often in shallow and politically irrelevant ways.

The worst side effect of this is that these atomised individuals believe that they are

The OECD Observer story

making a difference, and so have ticked their box of political or social activism. In fact, that tick may mark a huge increase in their involvement.

We have also seen the merging of the long tail of politics with more established forms of activism in the form of the Occupy movement and the Arab Spring. Movements such as these, despite their shortcomings, at least challenged Facebookers to get up and get out, and connected social media to the kind of political activism that ultimately can force change.

The more we pander to social media only, the more we risk infantilising political messages and marginalising “hard work” political issues. The challenge for civil society perhaps even more than governments (who at least focus their efforts on old-fashioned elections) is how to engage an atomised class of people whose communities are many and diverse and often geographically dispersed.

Issues that cannot be boiled down into “cute cat video politics” or a “like” may find themselves marginalised. Those with real political power may use the increasingly infantilised political dialogue as a handy mask, and a distraction from the real issues. Global challenges, like climate change, may gain but for the vast majority of political issues a simple like/dislike or retweet simply cannot manage the complexity of reality.

Moving people from low cost tweeting and “liking” to real, high-cost, engagement will involve more than a mere click of imagination and engagement. So let’s embrace social media, but not con ourselves into thinking it can change the world on its own.

*Fipra, the Finsbury International Policy & Regulatory Advisers, is one of Europe’s leading public affairs consultancy networks, advising on a range of government relations and regulatory policy issues.

Visit www.fipra.com

Evans, Phil (2003), “Home truths, globalisation and competition: Making trade work” in *OECD Observer* No. 240-241, December.



November marks the 50th anniversary of the *OECD Observer*, the award-winning public magazine of the OECD. The brainchild of Thor kil Kristensen, the first secretary general of the organisation, the *OECD Observer* was launched at the 2nd

The full digital archive of the *OECD Observer* dating back to 1962 will be available in 2013

ministerial meeting 27-28 November 1962. He recruited a former war resistant and political journalist from his native Denmark, Anker Randsholt, to do the job. The audience? Busy policymakers who had no time “to read more than a fraction” of the OECD’s already considerable and somewhat technical work.

In effect, the *OECD Observer* became a public gateway to the work of the organisation, while filling other roles along the way: a podium for discussing policy and unlocking tough ideas; an academic reference; and a rich and compelling archive.

Flicking through old issues is like taking a trip through modern history. From a heartfelt obituary for John F Kennedy penned by Mr Kristensen in December 1963 through the landing on the moon in 1969, the oil crisis of the early 1970s, privatisation in the 1980s, the information revolution and globalisation in the 1990s, to the economic crisis now: the *OECD Observer* captures the story of our times.

Thumb through and you will find photographs of well-known personalities in their heyday running policy meetings here: Gro Harlem Brundtland, Alan Greenspan, Garret Fitzgerald, and a sprightly Jacques Chirac to name but a few.

Many articles serve as a sharp reminder that many policy challenges still persist, for instance, concerning the environment, the taxation of company profits, and development. The first article in the first edition in November 1962 asks “What makes an economy grow?”, and a June 1970 piece says that the main obstacle to efficiency in financial markets is the lack of information. How we all would have done well to read that article again before the current crisis!

Solid references have long shelf lives, and articles like Angus Maddison’s “The West and the Rest” epic in the 40th anniversary edition, Flip de Kam and Chiara Bronchi’s “The income taxes you really pay”, and a 1968 piece on student unrest by George Papadopoulos are still requested today. One of the most popular articles is about school bullying, written in 1999 by Norwegian scholar Dan Olweus. It still gets online comments, sometimes (sadly) from victims of bullying.

In a sector which has seen *Newsweek* and many other magazines go online, if not to the wall, the *OECD Observer* has innovated to stay ahead. In fact, thumbing through the archive will soon be replaced by browsing it, as the entire 50 years worth of digital archives will be rolled out on all platforms in the New Year. Hopefully, today’s *OECD Observer* will be read with interest in years to come.

Rory Clarke, *Editor-in-Chief since 1999*

All cited articles can be searched online or found at www.oecdobserver.org except:

Papadopoulos, George (1968), Student unrest: Impact on educational systems, the economy and society in general, in *OECD Observer*, No 37, December, available on request to observer@oecd.org.

Svennilson, Ingvar (1962), What makes an economy grow? The role of research and education, in *OECD Observer* No 1, November

Beyond blogonomics

Henry Copeland, CEO, Blogads and Pressflex.com



©Blogads

In 2002 Henry Copeland, chief of Blogads and Pressflex.com, wrote about how blogs, largely unknown at the time, would change web writing and publishing forever. He was right. Then in 2008 in these pages, he told us to bet on Twitter several months before it took off (the OECD opened its first accounts in April 2009). So where is the information world taking us now? Henry provides some fresh thoughts.

We're heading for more of the same, only faster. The old gatekeepers—the publishers who owned printing presses and broadcast towers—are being squeezed from two sides. Individuals now create far more content, whether on blogs, Craigslist, Instagram, Rapgenius, Wikipedia or Youtube—than traditional publishers. And people increasingly rely on peer judgments—via the likes of Facebook, Twitter, Reddit and Google—rather than consuming what publishers and broadcasters can afford to serve them.

Publishers are starting to realise that the game is now “out there” and not inside their walled gardens. Readers want to be catered to via the platform or functionality of their choice. In short, if tweets are

the new headlines, then retweeters are the new editors.

So what about print? The other day I heard a management consultant say, in all seriousness, that “print will survive because we need something to read while the jet is taking off.” A narrow niche indeed, and probably too narrow. Sadly, the looming collapse of print hurts more than those who own printing presses—many studies indicate that people remember more from the printed page than the screen. So maybe printed objects will stage a comeback as a status fetish among connoisseurs, just as vinyl has for music records. I doubt we'll see a proximity print-on-demand boom... who wants to buy more printer cartridges?

Looking at media five years ahead, I take a Marxist view: the means of production and consumption will continue to dictate the shape of our knowledge and interactions.

Google is being squeezed by a new universe of online conversations that lie beyond the reach of its robots

And the main factors of production will be labour—which means there will be increasing employment of people who create content in finer and finer niches. And finer and finer technology, with micro-qualities that meet niche demands, such as a device that allows you instantly to glean and share your favourite pull-quotes—a perfect device for a journal such as the *OECD Observer*!

But let's recall how this model of media history has played out online to date. Starting more than a decade ago, blogs excelled because they were the first content format to fully embody the qualities that distinguish the web from print: easy publishing, plentiful linking to other web sources, infinite page scrolling, and a constant streaming information for readers craving news and excitement throughout the workday which they could comment on directly.

More recently, Twitter and Instagram have exploded because they're perfectly configured for creating, sharing and consuming snack-size content on smartphones.

Even Google is being squeezed, not by the sheer volume of content, but by the number of new modes of cyber activity—likes, retweets, shares—which create a universe of online conversations that lie beyond the reach of Google's robots.

Next up, the tablet. In the next decade we'll see one or more of the tablet's unique qualities—its large-yet-portable form factor, swipability, and bed-side convenience—fertilise some amazing new tools or knowledge formats.

That new micro-targeting technology to grab out pull quotes will help journalists and researchers for instance. If pushed, I'd bet on something like DoodleorDie, which is a drawn variation on the old parlour game Exquisite Corpse.

And history won't end with the tablet. Ten years from now smartphones and tablets will have been replaced by some new configuration of form, factor and functionality, and we'll see the emergence of entirely new media configurations and idioms, to fill those vessels.

Visit www.blogads.com

Copeland, Henry (2012), “Blogonomics, ten years on”, available at Blogads.com, May 28.

OECD Observer (2008), “Internet time”, Interview with Henry Copeland, No 268, June.

Information is action

**In 2013 the
OECD Observer
archive will be
released online.**



Contact observer@oecd.org

Up in the air?

Rolf Alter, Director, OECD Directorate for Public Governance and Territorial Development



©REUTERS/Felipe Calcedo

Taking as many long-haul flights as possible could hold the answer to your knowledge management problems.

Recent crowd sourcing reveals that frequent travellers regularly complain about the stress that comes with spending hours on a plane, and having to suffer through transfers at congested airports. Do you belong to this “unhappy” crowd? Think again. For you should smile, sit back and learn to savour those long-haul flights. Why?

Because of the rare privilege they offer of being cut off from e-mails, SMS texting, blogs, Facebook, Twitter and all the rest of it. No apps either. Just you, your creative thinking and time for reflection (and possibly this printed magazine to pore over too). But you will also have time to prepare the next batch of surprise e-mails to bombard your collaborators with as soon as you land. You can fire them off from your hotel in the middle of the night or before going jogging in the wee hours of a glorious morning. Why wouldn't you wish for this “time-out” to stay?

After all, how many of you really benefit from face-to-face meetings, seminars and conferences? There was a time when I did. That was quite a long time ago, though, when attending meetings in person was considered a privilege. But this is no longer the case. Nowadays, as far as I can see,

How many of you really benefit from face-to-face meetings?

most of the people attending conferences seem to be more engrossed in what is happening outside the room than in it. They are too involved in their Blackberries, smartphones, tablets and laptops to be bothered with the meeting at all. You may wonder why they came or what they hope to get out of it. Are they driven by addiction, or masochism?

Well, neither of these. Let's call it a behavioural change, observed since the days the “hard copy guys” were sent packing. The e-world is so much more convenient. No more carrying around all those heavy books and reports. Just switch on your iPad and everything you

need in the wonderful brave new world of information and knowledge will appear before you.

So, here's a knowledge management tip, provided you do not mind leaving a carbon footprint behind: take as many intercontinental flights as you can so that you can read all the documents and watch the speeches from the conference you missed when answering your emails from HQ. Your flight is no longer just for catching up on rest. It's your new workplace!

Try it out for a while. And then do your fellow frequent travellers a favour. Imagine, for instance, you have developed some very innovative insights into Mobile-Government (MG) you wish to discuss. Next step: organise a seminar on how citizens can better communicate with their governments 24/7. Given the absolute novelty of 24/7/MG, you can expect quite a fascinating and cutting-edge crowd to turn up.

And so they will. But I return to the statistical fact I mentioned at the start (that is, if you didn't miss it when your smartphone distracted you while reading this): that rather than engage in a real live exchange of ideas, 75% of your guests will be looking at their Blackberries or smartphones instead, probably reading messages from government officials who are themselves currently up in the air.

But look on the bright side. Your guests will be grateful to you for giving them another golden opportunity to take a long flight to your meeting so that they can catch up with the previous meeting they also “missed”. On the way back home they will plug in the USB key you gave them at the MG conference, and prepare comments on the video of your presentation, which they will then send you before that morning jog. It's a win-win for everyone, as long as their ideas don't stay up in the clouds.

Visit www.oecd.org/gov

Your Better Life Index

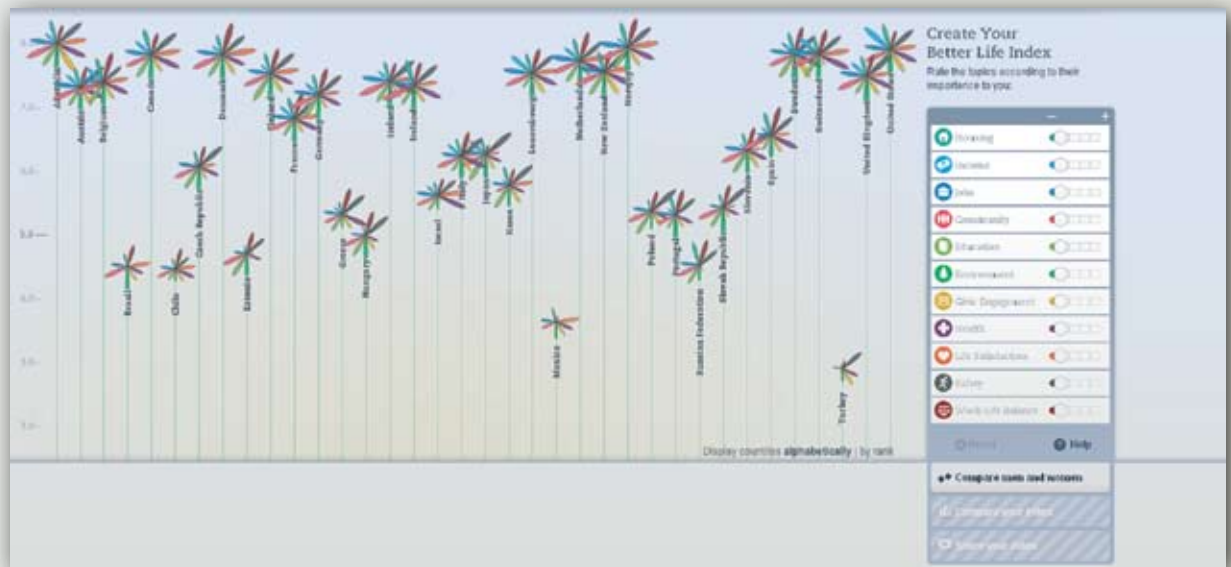
There is more to life than the cold numbers of GDP and economic growth. Your Better Life Index allows you to compare well-being across different countries, based on 11 topics the OECD has identified as essential, in the areas of material living conditions and quality of life. Each petal of the flower represents one topic and the size of the petal the country's rating for that topic. The height of the flower shows the country's overall rating.

Your Better Life Index enables you to rate countries according to the importance you give to the 11 topics. You can compare your well-being priorities with those of other users by country, age and gender, and share your results.

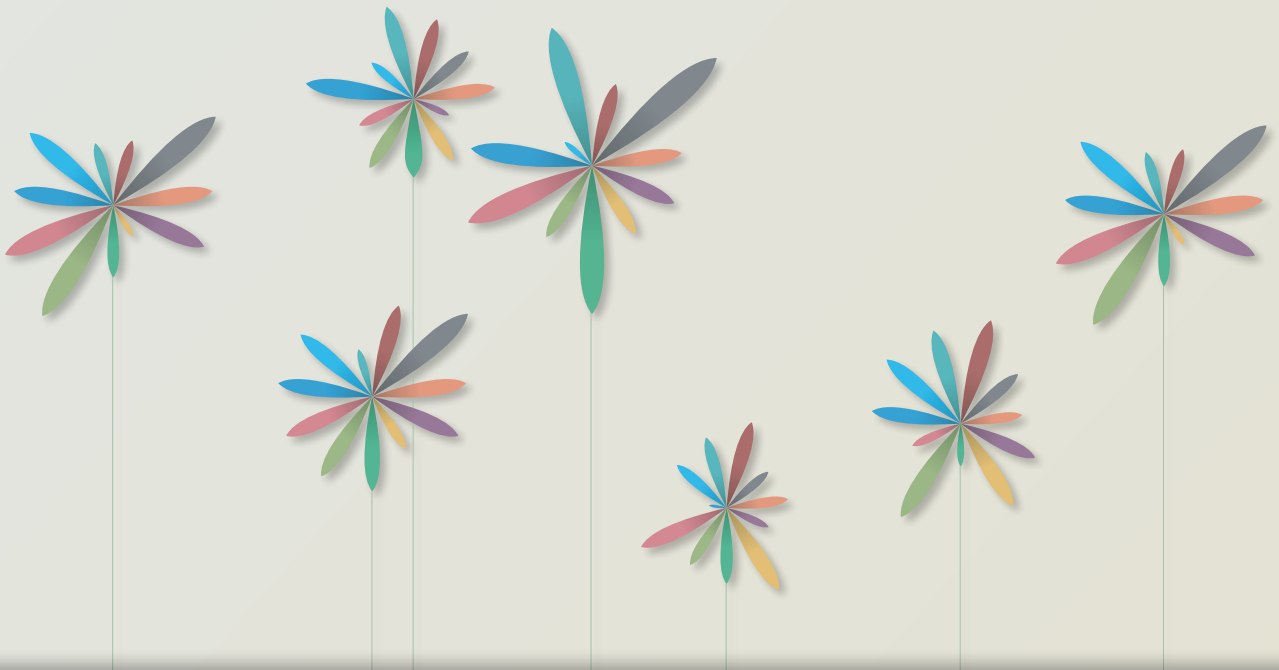
Create Your Better Life Index at:

www.oecdbetterlifeindex.org





Compare your quality of life with other countries



Find out more about how life compares in OECD countries by ordering the book, *How's Life? Measuring Well-Being*. Available now on the OECD Online Bookshop: <http://www.oecd.org/bookshop>

Policy can brighten the economic outlook

Pier Carlo Padoa-Schioppa, Chief Economist and Deputy Secretary-General of the OECD

After five years of crisis, the global economy is weakening again. In this we are not facing a new pattern. Over the recent past, signs of emergence from the crisis have more than once given way to a renewed slowdown or even a double-dip recession in some countries. The risk of a new major contraction cannot be ruled out. A recession is ongoing in the euro area, the US economy is growing but below what was expected earlier this year, and a slowdown has surfaced in many emerging market economies.

The weaker outlook has several causes. A significant drop in confidence is a key driver. Efforts at deleveraging public and private debt and reining in government budgets have had a particularly strong

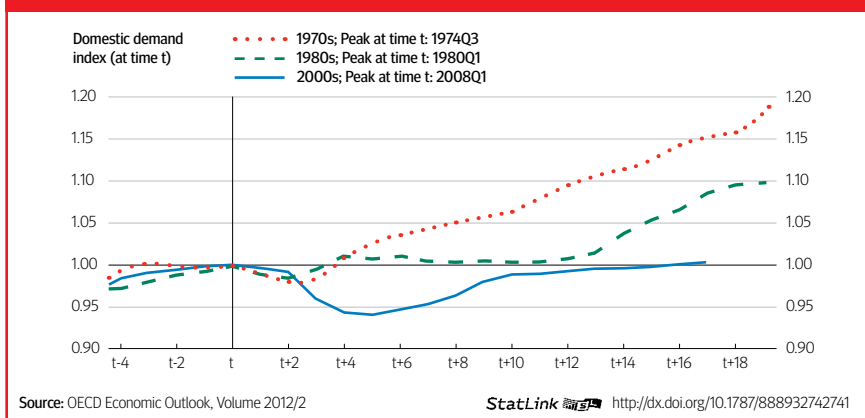
Our common challenge is to guide the global economy forward on a new long-term path

impact on our economies, while weaker global trade adds to the gloom. High unemployment is further depressing confidence and spending. Slow and ineffective policy responses have not helped the situation.

Yet, a strong policy response using every policy tool available can turn the downside scenario around and secure more sustainable growth. However, failure to take such action could push the global economy back into recession.

What can be done? For a start, the monetary policy stance of several economies should be further eased, particularly in the euro area, Japan and some emerging market economies, including China and India. In the US, policy, which has already been eased, is now at an appropriate level and should be held there, given weak inflation prospects and the slow growth in jobs.

This time it's different
OECD-wide domestic demand before and after recessions, quarters; GDP peak at time t



On the fiscal front, countries should avoid going too far too quickly, as any knock-on effects on the wider economy are likely to be large. US budgetary tightening should proceed at a more measured pace to avoid the “fiscal cliff” that current legislation implies.

In the euro area, structural budgetary tightening should be limited to current fiscal commitments, and automatic stabilisers be given full leeway around this. To maintain credibility, European governments should announce this commitment in a coordinated fashion. Underlying budget trends are already improving in many euro area countries and debt-to-GDP ratios will start to fall in the coming years, which would in turn bolster confidence.

In Japan, a detailed and credible medium-term fiscal consolidation programme needs to be established. There, the high level of debt limits the room for manoeuvre, and could prevent automatic stabilisers from working properly in the event of a shock.

What if downside risks materialised? First, central banks should provide greater liquidity injections, purchasing private sector financial assets and possibly

additional quantitative easing, though being careful to end any unconventional measures as soon as the worst is over. Temporary fiscal stimulus should be provided by countries with robust budgetary positions, particularly Germany and China. Other economies may have to ease up on their budgetary tightening plans.

As to structural reforms, these should be fully implemented, as they could begin delivering sooner than expected in terms of higher growth, better employment performance and more balanced current accounts.

Putting in place strong institutions, such as independent fiscal councils, or drawing up credible fiscal rules, can reassure markets and provide additional support. Moreover, progress towards a fully fledged banking union in the euro area is essential.

The global nature of the current slowdown is a reminder of how interdependent our world has become. Policymakers must take spillovers and transmission channels more seriously on board, particularly in the G20, when addressing global imbalances and the impact of monetary policies on capital flows and exchange rates.

Our common policy challenge is to guide the global economy forward on a new long-term path. This requires departing from the pre-crisis business-as-usual approaches. In addition to repairing the financial system, we must find ways to ensure environmental sustainability and tackle rising inequality. Though potential

trade-offs will have to be better measured, new sources of growth, such as green energy and innovation in knowledge-based intangible assets, must play a more central role in the future.

For more on OECD Economic Outlook No 92, visit www.oecd.org/eco/economicoutlook.htm
Order it at www.oecd.org/bookshop

Spanish immigrants

Twenty years ago Spain was lauded by economists as a new and emerging star. However, in productivity terms it never quite fulfilled its potential. Why? This rather technical but very readable working paper by the OECD's Andrés Fuentes and the Bank of Spain's Juan S Mora Sanguinetti, helps to answer the question, by looking at issues such as poor growth in total factor productivity, which reflects technology and skills, and how labour and capital operate together.

Another issue is how to better avail of immigration: the proportion of foreigners in Spain has increased sharply over the last decade, from 1.6% in 1998 to 12.2% in 2010. Moreover, foreigners are relatively highly educated, yet this immigration has not boosted productivity, partly because many (sometimes over-qualified) immigrants end up in labour intensive sectors with below average productivity. Freeing up the labour market would help resolve such problems, the authors suggest.

Foreign assets

Educational attainment, nationals and immigrants, Spain, Q1 2011

	Nationals 2011 Q1	Foreigners 2011 Q1
Primary education	12.1	19.9
Secondary education (primera etapa y formación e inserción laboral correspondiente)	29.7	21.8
Secondary education (segunda etapa y formación e inserción laboral correspondiente)	21.7	34.8
Tertiary education (except Ph.D)	35.4	21.3

Source: OECD Economics Department Working Papers No 973

Mora Sanguinetti, J. S. and A. Fuentes (2012), "An Analysis of Productivity Performance in Spain Before and During the Crisis: Exploring the Role of Institutions", OECD Economics Department Working Papers, No. 973, OECD Publishing. Available on www.oecd-ilibrary.org

Happy birthday, OECD Observer!

November marks the 50th anniversary of the *OECD Observer*, an award-winning magazine which addresses the policy challenges of our times.



Benefit from our special 50th anniversary subscription rates at www.oecdbookshop.org

The complete archives of the *OECD Observer* will be available in 2013

Energy efficiency: A true alternative

Interview with **Fatih Birol**, Chief Economist and Director of Global Energy Economics, International Energy Agency (IEA)



to fuel it. We expect this to continue as the number of passenger cars doubles to 1.7 billion in 2035, which is the end of our outlook period. Second, the cost of bringing oil to market is rising as companies must increasingly turn to more difficult-to-produce sources, such as oil sands and light tight oil in North America, and deepwater offshore production in Brazil.

Could (and should) governments do more to bring down oil prices?

In terms of lowering oil prices, there is unfortunately not much scope for government action that can change the aforementioned market fundamentals. The best recourse for oil-consuming countries to avoid prices going even higher and to deal with the adverse impacts of high oil prices is to encourage more

But if I were placing bets, mine would be on energy efficiency

efficient oil use. It may seem obvious, but a sure way to halve your bill for petrol is to double the fuel economy of your vehicle. We estimate that improvement potential for vehicle fuel economy through to 2035 is substantial, at up to two-thirds, compared with an average vehicle today. This can be achieved affordably with existing technologies, but it is critical that the right policies are in place to prompt their uptake, namely progressively ambitious fuel-economy standards and labelling.

Another policy that governments should pursue is the elimination of subsidies to oil products, which might be tempting to shield consumers from the effects of high prices, but ultimately promote wasteful use of resources and stifle the adoption of more efficient behaviour and technologies. We estimate that the cost of price subsidies to fossil fuels was \$523 billion in 2011, the bulk going to oil products. This estimate is derived from complementary work on fossil-fuel subsidies undertaken by the IEA

and OECD over several years, where we have looked at subsidies to consumers and the OECD has studied the producer side.

Many policymakers are eager to push for greener, smarter energy mixes. What information and knowledge gaps have to be filled to ensure that the route they take is indeed smarter?

Renewable energy is a vital component to our future energy mix, but their higher cost remains one of the main challenges to increasing deployment. In *World Energy Outlook 2012*, we expect that renewables will enter the mainstream in power generation, accounting for half of new global capacity additions. This projection hinges on sufficient government support being available to renewables, though they will become more competitive over time—onshore wind, for example, becomes competitive in some regions in our outlook.

The design of renewables support schemes is critical to their success, particularly as governments are facing budget austerity. Renewables subsidies came to \$88 billion in 2011, a figure dwarfed by the amount that went to fossil fuels. In thinking about how governments should proceed in supporting renewables, they should first and foremost provide a predictable and transparent framework. Renewable energy policy should be a part of overall energy strategy and policymakers should focus on a portfolio of renewables that is best suited to their country. This strategy should be backed up by ambitious but credible targets, as well as subsidies that are differentiated according to the maturity of each technology and flexible enough to respond to changes in technology costs. System integration is a related issue that must be addressed.

What alternative energy source do you see as being the most promising?

It's important to recognise that a full suite of energy sources will be needed. In most cases, this is the best approach for developing a robust energy system, as opposed to picking only one or two

The IEA's World Energy Outlook 2012 was released in November. Though oil prices are at historic highs, the future for energy is promising, provided the right policies are in place.

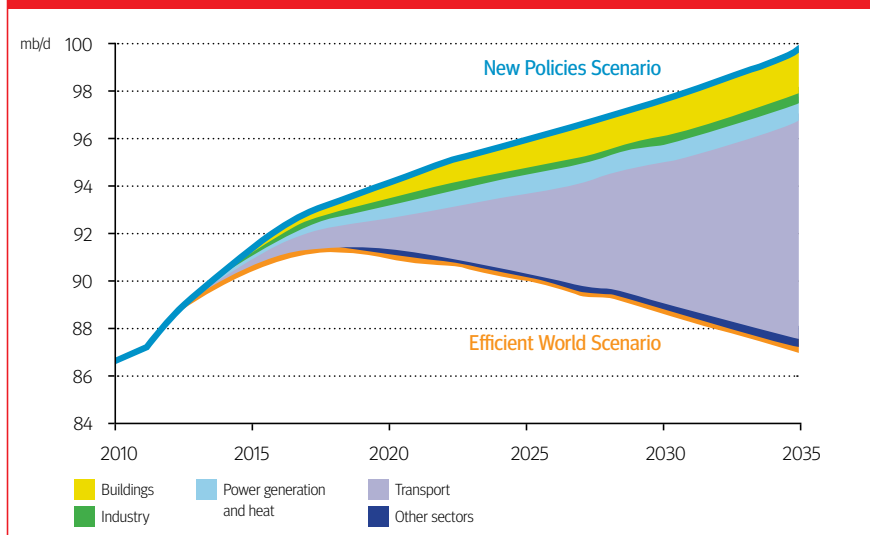
OECD Observer: How high are oil prices as we approach 2013?

Fatih Birol: High oil prices are putting a brake on economic growth, which is particularly worrying where activity has been sluggish. You might remember that they dipped to just above \$30 per barrel in the midst of the financial crisis at the end of 2008. Since that time oil prices have averaged more than \$90, which is triple their average in the two decades prior, and are currently above \$100.

That high oil prices have been sustained reinforces an important message that I have spread for several years and is again clear from the analysis in the *World Energy Outlook 2012*: the era of cheap oil is over. The basic trends supporting this view are two-fold. First, the rise of emerging economies like China and India has pushed up demand for mobility and oil

Energy alternatives

Reduction in global oil demand in the Efficient World Scenario compared with the New Policies Scenario, millions barrels/day



winners. But if I were placing bets, mine would be on energy efficiency.

Though it is not a fuel in the traditional sense, greater energy efficiency can help satisfy rising energy demand just as effectively as increasing energy supply. Importantly, it can do so economically and without sacrificing the extent and quality of services we receive. Energy efficiency presents a huge opportunity, yet in our central scenario assumed policies would put us on track to achieve just a third of its potential by 2035.

To understand just how compelling the case is, we designed a special scenario that shows the energy security, environmental and economic benefits attainable if we were to systematically adopt known best technologies and practices to improve energy efficiency on a global level. In this “Efficient World Scenario” global energy demand is reduced by half compared with the New Policies Scenario, which is our central scenario. In particular, there is large potential to reduce demand for fossil fuels: the amount of oil saved, 13 mb/d in 2035, would be equivalent to that produced

by Russia and Norway today (see chart); natural gas saved would be equivalent to US gas demand in 2010.

There are important benefits for the environment, delaying by five years (to 2022) the date at which we become locked in to a CO₂ emissions pathway that leads to an average global temperature increase of 2° Celsius. This time may be precious for governments to take action to mitigate climate change. And critically, the additional investment that would be needed in energy efficiency to achieve those energy savings would be more than offset by savings in fuel expenditures by households and businesses. We estimate the scenario would see a 20% savings in fuel bills, among other economic benefits.

Could our countries still be oil dependent in 50 years time?

I would be rather surprised if we are not using oil 50 years from now. That said, I think that we will use it much more efficiently at that time, and almost exclusively in transport. Many economies have come quite a long way already in reducing their oil intensity—oil demand

per unit of GDP generated—and paring back its use where alternatives exist. Oil represented just over a quarter of power generation in OECD countries prior to the first oil shock in the 1970s. Today that share is down to 3% and falling. Oil dependence has also been drastically reduced in industry and buildings and should continue to decline.

But transport represents a unique challenge. Unlike other sectors we do not yet have cheaper, scalable alternatives to oil and the internal combustion engine. Because of its high energy density, oil still gives us the greatest “bang for our buck”. But higher oil prices will send a strong economic signal to consumers, incentivising them to reduce their use. Their two options are to consume oil more efficiently or to use other fuels, such as biofuels or natural gas, which can substitute for oil, albeit generally on a small scale. I believe that improved vehicle efficiency is the most effective tool available for cutting oil use in transport. Of course, technology breakthroughs could occur that propel us towards an oil-free future—in batteries and electric vehicles, for instance—but they are very difficult to predict.

For more information on the *World Energy Outlook 2012*, including an executive summary, factsheets and other multilingual materials, visit www.worldenergyoutlook.org/publications/weo-2012

See also www.iea.org
www.oecd.org/greengrowth

Order this now!
Power information

Browse and order at
www.oecd.org/bookshop



The euro: A message of solidarity

Charles Jenkins, Writer, Commentator and former Director of Western Europe Country Analysis, Economist Intelligence Unit, London*



The EU's crisis has as much to do with leadership and solidarity as resolving fiscal and debt problems. It is time to dispense with caricatures and write the next chapter in the EU's ongoing history. And for that, clear and transparent data will be needed.

"Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity." These are the words of Robert Schuman, one of the founding fathers of the EU. The solidarity he was referring to in 1950 has been built up over six decades, but is now being sorely tested.

What is happening today in Greece and threatens to happen elsewhere—the scenes of violent protest, increasing numbers of destitute people being provided with food by charities, extremist and divisive

politics—runs counter to Schuman's vision and is weakening the foundations which he, together with Jean Monnet, laid out for the EU way back in the 1950s. With new signs of crisis or falling confidence almost every week, rarely has Europe looked so vulnerable.

How did it all go so wrong? How can Europe be put back on track? Does this crisis spell the end of the euro or, as its first real test, will it jolt European leaders into writing the next vital chapter in Europe's story of ever closer union?

Building the EU was never going to be easy. The boom period until 2008 blinded many of us to some stark realities about a work very much in progress. This blindness afflicted Germany which breached the euro area's original 3% fiscal limit (on which Germany itself had insisted) and which allowed its banks to

make foolish investments both in the US and in the euro area, just as much as it afflicted Greece or France.

It seemed all Europe had to do was take on new members, as it did as recently as May 2004 when the union expanded from 15 to 25 members. Ireland, now a country mired in crisis, presided over the EU that year, and as the Irish ambassador to the OECD, John Rowan, remarked in the *OECD Observer* at the time, it was an unprecedented "Day of Welcomes".

But while the economy boomed, efforts to build a stronger Europe received a huge setback with the defeats in referendums in France and the Netherlands of the Constitutional Treaty in 2005; the eventual Treaty of Lisbon failed to address Europe's weaknesses. How the crisis has brought everyone crashing back to earth.

Yet the 1980s and 1990s were periods of movement and achievement for the EU, a customs union riddled with non-tariff barriers, and it was transformed into a genuine, if still incomplete, internal market between 1985 and 1992.

Remember also that following the end of the post-Second World War division of Europe, Germany was re-united by its inclusion in the Federal Republic in 1990 of the previously communist East Germany. It was a huge step to take. The EU also gave support to the transformation of other former communist economies, and commenced an accession process designed to transform them into rounded democracies. On the basis of the Maastricht treaty of 1992, the road was paved for a single currency amongst initially 11 countries, and the euro was created between 1999 and 2001.

The making of Europe is about other policy initiatives too. At the beginning of the 2000s, new environmental (20% less greenhouse gases, 20% more energy efficiency and 20% renewable energy) and social goals (70% employment rates, poverty reduction) and competitiveness (research and development spending at 3%

of GDP) were established. These initiatives have had much less impact on the public than did the building of the single market and single currency, but they reflected shared ambitions and a desire for solidarity to meet common problems. It is this solidarity which appears to have taken the severest blow in the crisis.

There was already a feeling of loss of direction when, in late 2008, the US subprime crisis led to bank collapses across the EU leading to a deep recession, which in turn set off sovereign debt crises

According to opinion polls, all euro area countries would prefer to stay in the single currency to avoid the negative consequences of a break-up

in the periphery of the euro area. Since then the EU project has been buffeted by a succession of crises, and it has gone from one to the next, followed by accusations of having no clear objectives or sense of direction—as if survival in a crisis were not a sufficient goal in itself. Indeed, according to opinion polls all euro area countries would prefer to stay in the single currency to avoid the negative consequences of a break-up. In an ironic way, this is a testimony to the EU's solidarity, but a more optimistic narrative is now needed to keep the EU and its citizens moving forward.

Sticking together

A new and more positive view of the euro area and the wider EU requires the ability for all players to openly admit past mistakes, an appreciation of shared interests in finding a way out of the crisis and a consequent sense in which membership of the EU, especially the euro area, requires solidarity to get through testing times.

Solidarity does not need to be interpreted as requiring the richer, stronger countries to provide long-term financial transfers to those in difficulty, the so-called “transfer union” which stronger nations fear being cajoled into. The EU budget, totalling only 1% of its GDP, already has a regional policy

which uses about a third of that budget to help poorer countries and regions; this is not likely to be significantly increased.

In fact, financial flows from banks in stronger countries to weaker countries during much of the 2000s were a cause of the problem, since they allowed the latter to grow demand more rapidly than they should have by running external current account deficits and building up external debts. The extent of these flows resulted from mistakes made by banks and their regulators in the stronger countries as well as from mistakes by those in the weaker ones. Banks that made unwise decisions to borrow were complemented by banks that made unwise decisions to lend. Hopefully, the creation of a banking union will help address this problem.

The trouble is, the economic cost of these mistakes has fallen overwhelmingly on the weaker countries. If the principle of solidarity is to be applied, the stronger countries must be prepared to take some financial losses—in effect, they must share some of the pain, as well as the cost, of the imbalances they helped to create. It is in their own interest to act constructively to make recovery of the troubled countries feasible rather than forcing them into such deep and painful austerity as to make recovery impossible.

For example, Germany, the Netherlands and Finland should not try to backtrack, as they have done, on the agreement of the June European Council to no longer require lending to Spain's banks to be guaranteed by the Spanish state. That move is vitally important to give Spain the chance to escape the lethal interaction of the banking and sovereign debt crises. The politicians in the stronger countries should point out to their sceptical voters that they have a strong self-interest in the recovery of the currently weaker economies, because it is the only way that the creditors can hope to be paid back.

Solidarity and good governance depend crucially on good information, including

reliable, relevant and well-presented statistical data. In fact, some of the failures that prepared the ground for the present crisis across the euro area can be ascribed to poor statistics, not least the presentation of government finances in ways which cast them in an excessively favourable light. This opacity has weakened the basis of the EU project.

Transparent, clear communications are needed. The status of the EU's statistical agency, Eurostat, should be enhanced, and should be moved from Luxembourg to the European Commission's main offices in Brussels, given that it is a crucial part of the work of the Commission's Directorate General for Economic and Financial Affairs, with which it should co-operate more closely. It needs to have the authority to confront member states where there are reasons to suspect that they are not providing reliable information. Accessible and reliable statistics are crucial at a time when weakened economies need to be nursed back to health.

Order this now!
Euro fundamentals

Browse and order at
www.oecd.org/bookshop



Business brief

Solidarity does not mean allowing any country to avoid responsibility for taking painful measures to close fiscal deficits. But this accusation cannot be levelled at any of the EU's vulnerable countries, and especially not Greece, where take-home pay by public servants has been slashed by up to 50% since 2008. Solidarity does mean taking account of the condition of the economies for which fiscal prescriptions are made.

Eurostat and the European Central Bank should also provide clear and well-publicised statistics on levels of private (household and corporate) debt as well as public debt. The OECD which has long provided reliable comparative data, could play a monitoring role. No longer can it be argued that public debt does not matter as long as it is balanced by private savings. Economists said this for years about Italy. But private savings are volatile, and can flee the country too. Equally, it should not be considered that, if public debt is low, the rise of private debt does not matter. As has been shown in Ireland and Spain, the unwinding of private debt can lead to rapidly rising public debt and economic collapse.

A message of a shared destiny, combined with reliable facts, is the only way to combat the caricatures and myths developing in some countries about their fellow euro countries, which risk pulling the euro area apart and de-railing the whole European project.

*Charles Jenkins ran the Europe desk of the Economist Intelligence Unit (EIU) from 1976 until his retirement in 2012. A commentator on European affairs, he launched various influential EU reports, has written and lectured extensively and has been a strong advocate of European unity. His father, Roy Jenkins, was president of the European Commission from 1977 to 1981. The views expressed in this article are the author's alone.

References

For more views by Charles Jenkins, see www.insighteu.com

Rowan, John (2004), "EU enlargement and the OECD: A new era", in *OECD Observer* No 243 May.

Schuman, Robert (1950), *The Schuman Declaration*, 9 May.



©Societe Generale

Earlier in 2012 Frédéric Oudéa, Chairman and CEO, Societe Generale Group, met OECD Secretary-General Angel Gurría to discuss the global economy, the business scene and the financial crisis. Here is an extract from their conversation.

How would you analyse the latest financial crisis?

Angel Gurría: You talk of the "latest" financial crisis, but in reality, we haven't overcome the one that began five years ago with the subprime mortgage crisis, which then spread to the markets and later the entire economy, affecting economic

"The financial crisis has cost us dearly but we have collectively learned a great deal" Angel Gurría

growth and unemployment, particularly for young people, which is a real tragedy. The responsibility for the crisis, which nobody really saw coming, should be borne by all of us.

But it has had at least one positive effect: it has encouraged people to act more wisely. It has encouraged governments to be more careful about their public finances, and regulators to take their role more seriously, while individuals get themselves less into debt. As for the banks, even

"We assume our share of the responsibility for the crisis, but we are also part of the solution" Frédéric Oudéa

though they were an easy target, everyone now knows that without them, recovery would not be possible. We need to feed savings back into the economy. This is extremely important, and to achieve it, we need to rely on a stable and efficient banking system. The crisis particularly highlighted the importance of liquidity to irrigate the system. At the end of the day, the financial crisis cost us dearly, but we have collectively learned a great deal.

Frédéric Oudéa: For the past five years, we have indeed been living through a financial crisis, and the tremor which occurred in summer 2011 was an aftershock of the original earthquake. I share Angel Gurría's lucid and optimistic view. The economies of developed countries are going through a serious crisis, having relied too heavily on debt. The banks which supplied the debt are, in a way, the symptom of the imbalance which has now appeared. We assume our share of the responsibility for the crisis, but we are also part of the solution. Let's look at the economy from an international perspective. One of the key issues for the future of the world's economy is shifting savings towards areas requiring finance. Countries such as China, India, Brazil and Russia will have to invest hundreds of billions of dollars every year in infrastructure, and they won't be able to do it alone. I cannot see who can help them more than the banks and financial markets. Working out how to finance growth effectively and securely for those who save and helping the world's economy create wealth are the real objectives, which take us beyond the euro zone crisis.

English translation and copyright by Societe Generale 2012. For the full conversation, see "Economy and Strategy: Viewpoints", in *Activity and Sustainable Development Report 2011-2012*, Societe Generale, France.

UNIVERSAL BANK

O N E B A N K
33 MILLION CLIENTS
O N E T E A M S P I R I T



RETAIL BANKING - CORPORATE & INVESTMENT BANKING -
SPECIALISED FINANCIAL SERVICES & INSURANCE - PRIVATE
BANKING - GLOBAL INVESTMENT MANAGEMENT & SERVICES

B U I L D I N G T O G E T H E R

T E A M  S O C I E T E
S P I R I T  G E N E R A L E

Société Générale is authorised and regulated by the French Autorité de Contrôle Prudentiel and Autorité des Marchés Financiers. This material has been prepared solely for information purposes and does not constitute an offer to enter into a contract. Not all products and services offered by Société Générale are available in all jurisdictions. Please contact your local office for any further information. © 2012 Societe Generale Group and its affiliates. © Gettyimages - FRED & FARID

French President François Hollande meets with heads of international organisations at the OECD



President of France, François Hollande, WTO Director-General Pascal Lamy (centre) and OECD Secretary-General Angel Gurría

The president of the French Republic, François Hollande, met the heads of five major international economic organisations at the OECD on 29 October. OECD Secretary-General Angel Gurría hosted top officials of the International Monetary Fund, the World Bank, the World Trade Organization and the International Labour Organisation, all of whom met with the French president and his ministers of foreign affairs, economy and finance, and employment.

In his initial remarks, the president noted that it was “the first time that a president

of the French Republic has met the leaders of the five major international economic organisations”. He said he hoped to repeat the event in France, “so every year, members of the government and [himself] can have a meeting with the heads of the five international organisations to discuss the present situation, to see where Europe is at and also to look at the various policy actions that France should consider”. The president noted that all participants agreed on the seriousness of challenges to be met and the need to strengthen competitiveness as part of efforts to restore growth and confidence.

During the three hour meeting that followed, participants shared their views on the global economic outlook as well as the European and French economies, focusing on the policies needed to return to growth, promote employment, improve competitiveness and address trade and development challenges. Following their working sessions, President Hollande and the heads of the international organisations held a news conference at the OECD.

For more on the meeting see: www.oecd.org/france

Mexican President-elect Enrique Peña Nieto at the OECD: A common vision

On 18 October, the Mexican President-elect, Enrique Peña Nieto, ended his European tour with a visit to OECD headquarters in Paris. Mr Peña Nieto met with OECD Secretary-General Angel Gurría, conducted a press conference and participated in a seminar with OECD experts on topics ranging from the economy to education and environment. Mr Peña Nieto also delivered a keynote address on Mexico's challenges and its role in a changing global landscape.

During his speech Mr Peña Nieto said: "Our vision to transform Mexico has



Enrique Peña Nieto, president-elect of Mexico

a lot of points in common with the recommendations formulated by the OECD: the need to activate economic growth, raising productivity, increasing investment and creating better conditions for competitiveness." He concluded:

"I'm certain that in the eyes of the world, Mexico is starting a new stage in its history and it will be seen as an example of success in the 21st century".

Visit www.oecd.org/mexico



Ollanta Humala, president of Peru at the OECD on 15 November 2012

Peru eyes membership

Peruvian president, Ollanta Humala, visited the OECD on 15 November, accompanied by foreign affairs minister, Rafael Roncagliolo Orbegoso, economics and finance minister, Luis Miguel Castilla Rubio, as well as by the Peruvian ambassador to France, Cristina Velita de Laboureix. During the meeting, President Humala elaborated on the economic situation of Peru as well as his political priority to promote social inclusion and reduce inequalities in his country. The Peruvian president has expressed his country's interest membership of the OECD.

For more information on this visit and OECD work with Peru see: www.oecd.org/countries/peru

Competitiveness challenge

Restoring competitiveness is one of the key challenges to bring European economies back on a path of strong, sustainable and balanced growth, the OECD believes. Europe could improve its growth prospects by implementing a strategic and comprehensive reform agenda with a broad range of policy reforms to increase productivity, dynamism and employment.

This is the main message of a report, *Addressing the Competitiveness Challenges in Germany and the Euro Area*, which OECD Secretary-General Angel Gurría presented to German Federal Chancellor Angela Merkel during her annual meeting with the leaders of international economic organisations in Berlin, 30 October.

Part of the OECD Better Policies Series, the report describes how the euro area is faced with the double challenge of addressing diverging competitiveness patterns between its members while redressing it vis-à-vis the rest of world.



German Chancellor Angela Merkel and OECD Secretary-General Angel Gurría in Berlin, 30 October 2012

Both developments call for strong and decisive policy actions to boost productivity in all European countries, and to create mechanisms allowing for a stronger link between productivity gains and wages. A comprehensive reform strategy would also include further product and labour market reforms, fostering innovation, service liberalisation, and investment in skills and education, which is also key to deal with the social impact of the crisis. The report is designed to support European countries and institutions in their efforts to formulate and implement an agenda for inclusive growth and competitiveness in Europe.

For more information, see www.oecd.org/about/secretary-general/germanyandtheeuroareaddressingthecompetitivenesschallenge.htm



©Reuters/Mike Segar

Joseph Stiglitz

Well-being priority

A major step forward towards putting the measurement of well-being at the heart of policymaking was taken at the OECD’s World Forum on Measuring Well-Being for Policymaking and Development, a four-day international conference held in New Delhi in October.

Experts and policymakers from economic, environment, development, health and

education backgrounds focused on the progress achieved in looking for new growth metrics and the way ahead for monitoring and analysing our changing world.

The OECD’s chief statistician, Martine Durand, said that new indicators were being advanced in a number of areas, such as the material conditions of households, in several quality of life domains and in the field of environmental accounting. But she added that technical and conceptual challenges remain.

Pointing out that India’s per capita GDP is a tenth of the OECD average, Montek Singh Ahluwalia, deputy chairman of India’s Planning Commission, emphasised a particular challenge facing developing nations:

“At India’s income level, ignoring GDP entirely would be impossible. But GDP simply measures goods produced. It does not measure the negative externalities,

such as damage to the environment and bio-diversity, pollution, and over-exhaustion of limited natural resources. These problems have now reached a scale where they cannot be ignored”.

A statement from the Global Forum underlined the need for a strengthened link between statistics, knowledge and policy, which requires engagement from civil society, the business community, statisticians, academics as well as politicians.

As Nobel Prize winning economist Joseph Stiglitz—who has written on the subject for the *OECD Observer*—said at the forum, “metrics are important not just because they tell us how we are doing but because they serve as guides in policymaking”.

For more information on the World Forum on Measuring Well-Being for Policymaking and Development, including the concluding statement, visit www.oecd.org/site/worldforumindia

See also: www.oecdbetterlifeindex.org



©Shutterstock/voyager624

Video view: The blue economy

Policymakers building environmentally-oriented “green” growth strategies should add a good splash of blue to them too. The ocean covers two-thirds of the earth, and with one in three people already living

near the coasts and nearly a tenth of the planet’s biggest cities near the sea, it plays a crucial role in the globalisation of the economy and the sustained prosperity of our planet.

Governance of international maritime zones, innovation in sustainable energy and conservation of fishing stock remain central in a rapidly changing world.

Also, 80% of all tourism takes place on the coast, adding to pressures for action. The maritime sector can also provide new sources of energy. Maritime wind power is developing rapidly, and could provide up to a third of all windpower by 2050.

International organisations are boosting their efforts to define the potential of the “blue economy”.

Watch “Blue economy” and other short videos, at www.oecd.org/newsroom/photosandvideos



©Marcos Brindici/Reuters

Totaled recall

How sure are you that the item you have just bought has not been recalled

for safety reasons? Deaths and injuries worldwide from unsafe products are estimated to cost more than US\$1 trillion each year, according to the OECD.

A new portal has been launched to give quick and easy access to the latest information on products recalled from the market in Australia, Canada, Europe and the US. Consumers will be able to check on the portal whether the bicycle or other items they are buying in a store or online have been taken off shelves in another country. Businesses, such as importers or retailers, will be able to react quickly and pull products as concerns arise.

Visit globalrecalls.oecd.org

Recent speeches by Angel Gurría



© Osman Orsal/Reuters

For a complete list of speeches and statements, including those in French and other languages, go to www.oecd.org/speeches

The emergence of global value chains: What do they mean for business?

5 November 2012

Remarks delivered at the G20 Trade and Investment Promotion Summit, Mexico City, Mexico.

Financial regulation and innovation in emerging markets and developing economies

3 November 2012

Remarks delivered in Mexico City, Mexico.

A new agenda for trade

30 October 2012

Remarks delivered at the trade policy lunch on discussion “Standstill in the Doha Round: Are bilateral free-trade agreements a way out of the dead-end?”, Berlin, Germany.

Latin America on the global stage

23 October 2012

Remarks delivered at the 2012 Canning Conference: Latin America on the Global Stage, London, UK.

Measuring well-being for development and policy making

16 October 2012

Remarks delivered at the 4th OECD World Forum on Statistics, Knowledge and Policy on “Measuring Well-Being for Development and Policy Making”, New Delhi, India.

Action required: OECD’s message to the International Institute of Finance

12 October 2012

Remarks delivered at an International Institute of Finance, 30th anniversary membership meeting, Tokyo, Japan.

Deauville Partnership: OECD’s work on economic governance across the MENA region

12 October 2012

Remarks delivered at the Deauville Partnership meeting of the finance ministers, Tokyo, Japan.

OECD, an active partner of the G20 and B20 in the global fight against corruption

10 October 2012

Remarks delivered at the dinner of the B20 Task Force on Improving Transparency and Anti-Corruption, Paris, France.

Capital flow management and liberalisation: The role of international co-operation

9 October 2012

Remarks delivered at a high-level seminar on the role of international co-operation in capital flow management and liberalisation, Paris, France.

Rebuilding confidence: A new agenda for inclusive growth

4 October 2012

Remarks delivered at the OECD High-Level Parliamentary Seminar, Paris, France.

Harnessing Africa’s resources for sustainable and inclusive growth

4 October 2012

Remarks delivered at the 12th International Economic Forum on Africa, Paris, France.

It’s all about reform and trust!

3 October 2012

Remarks delivered at the OECD debate at the Parliamentary Assembly of the Council of Europe, Strasbourg, France.

Estonia: Greater economic stability and resilience can be achieved by investing in the Estonian people

1 October 2012

Opening remarks delivered at the launch of the *Economic Survey of Estonia*, Tallinn, Estonia.

Keeping up the reform effort for stronger, cleaner and fairer growth in Indonesia

28 September 2012

Remarks delivered during the roundtable discussion at the Indonesian Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.

Let the Garuda soar: Further steps to a stronger, cleaner and more inclusive Indonesian economy

27 September 2012

Remarks delivered in Jakarta, Indonesia.

Italy’s structural reforms: Courageous efforts and more to be done

24 September 2012

Opening remarks delivered at the International Conference on Structural Reforms in Italy, Rome, Italy.

Better data for better analysis and better policies

19 September 2012

Remarks delivered at the Workshop on Global Value Chains, Beijing, People’s Republic of China.

Jobs for Europe: The employment policy conference

6 September 2012

Keynote speech delivered at the Employment Policy Conference, Brussels, Belgium.

The need for structural reforms

2 September 2012

Introductory remarks delivered at the Network of Ideas Business Lunch 2012, Bled, Slovenia.

New ambassadors

16 July **Hans-Jürgen Heimsoeth** took up his duties as new ambassador for Germany, replacing Johannes Westerhoff.

2 October **Paul Dühr** took up his duties as new ambassador for Luxembourg, replacing Georges Santer.

12 November **Pavel Rozsypal** took up his duties as new ambassador for the Czech Republic, replacing Karel Dyba.

Calendar highlights

Please note that many of the OECD meetings mentioned are not open to the public or the media and are listed as a guide only. All meetings are in Paris unless otherwise stated. For a comprehensive list, see the OECD website at www.oecd.org/media/upcoming, which is updated regularly.

OCTOBER		16	Ibero-American summit 2012. Cadiz, Spain.	13-14	Reforming EU fiscal governance, conference organised by the European Central Bank and the International Monetary Fund. Frankfurt, Germany.
26-27	Global forum on transparency and exchange of information for tax purposes. Cape Town, South Africa.	18-20	Launch of the Southeast Asian Economic Outlook 2013. Phnom Penh, Cambodia.	In 2013	
31-1/11	Global value-chains and competitiveness: Latin America and Caribbean, conference of the Latin America and Caribbean-OECD investment initiative, co-organised with the government of Costa Rica and the Inter-American Development Bank. San José, Costa Rica.	19-20	Forum économie santé, organised by <i>Les Échos</i> . Paris, France.	JANUARY	
NOVEMBER		25-29	Capacity building on strengthening integrity in the public and private sector of the Middle East and North Africa (MENA) region, seminar organised in co-operation with the International Monetary Fund. Kuwait City, Kuwait.	9-10	OECD Mexico Forum: Public Policies for Inclusive Development, organised by the OECD, the ECLAC, the Inter-American Development Bank and the World Bank.
4-5	G20 finance ministers and central bank governors' meeting. Mexico City, Mexico.	27	Launch of the OECD Economic Outlook.	15-17	International Water Summit. Abu Dhabi, United Arab Emirates.
7-8	OECD global forum on value added tax, organised by the Centre for Tax Policy and Administration.	27-28	European employment forum. Brussels, Belgium.	16-18	Gaidar Forum: Russia & the World: Challenges of integration. Moscow, Russia.
8-10	Les journées de l'économie. Lyon, France.	27-7/12	COP 18: United Nations climate change conference. Doha, Qatar.	23-27	World Economic Forum. Davos, Switzerland.
9	Ministerial conference of the South East Europe investment committee, co-organised by the Regional Cooperation Council Secretariat and the government of Albania. Tirana, Albania.	28-29	Patent statistics for decisionmakers 2012: Knowledge assets and economic growth, organised by the OECD and the European Patent Office (EPO).	FEBRUARY	
12	Launch of the World Energy Outlook 2012, organised by the International Energy Agency.	DECEMBER		11-15	Financial Action Task Force plenary and working group meetings.
14-16	World pension summit. Amsterdam, the Netherlands.	3-7	Sahel and West Africa Week. Ouagadougou, Burkina Faso.	28	European Competition Forum. Brussels, Belgium.
14-16	Tourism Statistics, global forum co-organised by the OECD Tourism Committee, Statistics Iceland, the Icelandic Ministry of Industry, Energy and Tourism, and the Statistical Office of the European Union (EUROSTAT). Reykjavik, Iceland.	4-5	High level meeting of the OECD Development Aid Committee. London, United Kingdom.	MARCH–MAY	
15	Le Secteur Public, conference organised by <i>Les Échos</i> . Paris, France.	6-7	Debt, growth and macroeconomic policies, conference organised by the European Central Bank. Frankfurt, Germany.	24-26/3	France BioVision: The World Life Sciences Forum.
		9-12	European nuclear conference, co-organised by the European Nuclear Society (ENS), the OECD Nuclear Energy Agency, the International Atomic Energy Agency and the Nuclear Institute. Manchester, United Kingdom.	26-27/3	9th annual meeting of the OECD LEED Forum on Partnerships and Local Governance. Dublin–Kilkenny, Ireland.
				8-9/4	International Labour Organization's European Regional meeting. Oslo, Norway.
				22-24/5	International Transport Forum's 2013 Summit. Leipzig, Germany.
				27-31/5	OECD annual Forum and Council Ministerial Meetings.

Frankie.org by stik



A calm look at social unrest



In a globalised world, social unrest occurring far away can have transnational ramifications, with effects nearer to home. This has been evident in recent years with movements

such as Occupy and *Indignados*, and the Arab Spring. Unrest could also be the consequence of a terrorist attack, but even the threat of one can lead to widespread panic. The upshot can be disorder and economic turmoil.

The *OECD Review of Risk Management Policies: Social Unrest* is one of a series presented by the OECD project on Future Global Shocks. The report asks how social

unrest evolves in a globalised setting, and if it differs from past experiences. Will social unrest manifest in the cyber world? How will social unrest affect global interdependencies? By developing an analytical framework of social unrest, the report seeks to provide feasible policy options to help governments address social unrest itself, and manage its possible consequences. In working within the paradigm that social unrest is more of a process of escalation than a finite state, the report identifies the drivers, or casual roots, and triggers—events that lead to social unrest—in four case studies: the 2010 Greek financial crisis, the H1N1 outbreak in 2009, cyber-related risks and Hurricane Katrina.

Take the aftermath of Hurricane Katrina, in which poor planning, widespread panic and uneven response led to chaos and

tragedy in Louisiana's Gulf Coast. While the category three storm was not the strongest the region ever experienced, the escalation of events during and following Katrina turned it into the most destructive. Media coverage focused on the crimes that arose. Nevertheless, most of the blame was placed on the public authorities for their failure to secure law and order and address the problems in a more even-handed way. Katrina highlights the many factors that need to be taken into account when evaluating the risks of social unrest and underlines the difficulties in addressing them properly. By approaching unrest within a framework of risks and potential consequences, societies could be better equipped to handle the eventualities of social unrest, the report suggests.

ISBN 9789264173453

Still booming



The Internet is much more than a multi-billion dollar industry. The world's economy now depends on this global "cloud", which was once little more than a means of connecting

different computers over a phone network. Today, the digital age has vast new potential to serve as a force of progress in the global economy, but better, smarter public policies will be needed for that potential to become reality.

The issue of healthcare, in which innovation meets governance, is one of the topics explored in the OECD's *Internet Economy Outlook 2012*. Take telehealth, which works by transmitting voice, data, images and information via the Internet.

This time-saving, and potentially life-saving development is important for enhancing healthcare delivery, especially in remote areas with limited access to medical facilities. In Australia, telemedicine is a critical component of the country's strategic plans for delivering healthcare to the indigenous population. Canada, too, uses telehealth systems to service 21% of its population who live in rural areas.

E-health brings benefits for all countries; for instance, the report encourages governments everywhere to adopt electronic health records for use by doctors and hospitals. But the continuing success of these practices depends on government cooperation and action. Many factors have slowed the expansion of telehealth, such as regulatory barriers, limited reimbursement and failure to inform the public about the benefits of telehealth technologies and services.

Internet Economy Outlook 2012 also looks at the issue of information security and maintaining the reliability of the systems on which we all depend. Wireless connections are a key source of Internet expansion: by December 2011, the estimated number of wireless broadband connections in OECD countries was more than double that of fixed broadband subscriptions. The number of mobile phone subscriptions has tripled in non-OECD countries, too; in fact, many people in poor countries will find it easier to access the Internet using a mobile device than to access clean water. But by bringing in knowledge and connecting the right people, the Internet can indirectly help improve water quality too.

ISBN 9789264086456

Current bestsellers

All publications available at www.oecd.org/bookshop
and www.OECD-iLibrary.org



Education at a Glance 2012: OECD Indicators

This book provides data on the structure, finances, and performance of education systems

in OECD member countries as well as in selected non-member countries.

ISBN 978-92-64-17715-4, September 2012, 568 pages
€75 \$105 £67 ¥9 700



OECD Internet Economy Outlook 2012

Supported by time series data, this publication provides an overview of trends and highlights

how the Internet sector has proven to be resilient during the recent economic crisis. It then examines the drivers and impacts of Internet use and deployment, as well as emerging technologies.

ISBN 978-92-64-08645-6, October 2012, 302 pages
€90 \$126 £81 ¥11 700



Model Tax Convention on Income and on Capital 2010: Full Version

This full version contains the full text of the *Model Tax Convention*

on *Income and on Capital* as it read on 22 July 2010, including the Articles, Commentaries, non-member economies positions, the Recommendation of the OECD Council, the historical notes (now expanded to go back to 1963), the detailed list of conventions between OECD member countries and the background reports.

ISBN 978-92-64-17517-4, August 2012, 2000 pages
€325 \$455 £292 ¥42 200



OECD Employment Outlook 2012

This 30th edition of the *OECD Employment Outlook* examines the labour market performance of

OECD countries as well as the prospects in the short term.

ISBN 978-92-64-16668-4, August 2012, 260 pages
€80 \$112 £72 ¥10 400



Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies

The OECD Skills Strategy provides a strategic

framework to help countries understand more about how to invest in skills in a way that will transform lives and drive economies.

ISBN 978-92-64-17729-1, September 2012, 120 pages
€39 \$54 £35 ¥5 000



OECD-FAO Agricultural Outlook 2012

This report provides world market trends for biofuels, cereals, oilseeds, sugar, meats, fish and

dairy products over the 2012-2021 period.

ISBN 978-92-64-17302-6, July 2012, 282 pages
€60 \$84 £54 ¥7 800



Agricultural Policy Monitoring and Evaluation 2012: OECD Countries

This edition of OECD's annual on support to agriculture shows that after an

increase in 2009, producer support in OECD area declined in 2010 and remained stable in 2011.

ISBN 978-92-64-17352-1, September 2012, 288 pages
€54 \$75 £48 ¥7 000

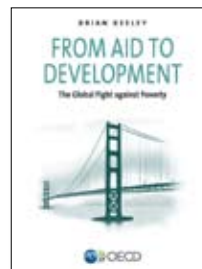


OECD Science, Technology and Industry Outlook 2012

Based on the latest information and indicators in science and innovation, this

book reviews key trends in STI policies and performance in OECD countries and major emerging economies, and across a number of thematic areas.

ISBN 978-92-64-17032-2, September 2012, 280 pages
€60 \$84 £54 ¥7 800



OECD Insights From Aid to Development: The Global Fight against Poverty

This book explores the multi-faceted world of aid and development

co-operation—a range of global, and sometimes contested, efforts aimed at reducing the impact of poverty.

ISBN 978-92-64-11152-3, August 2012, 188 pages
€15 \$19 £10 ¥2 000

New publications

ECONOMY

OECD Economic Surveys: Estonia 2012

ISBN 978-92-64-12830-9, October 2012, 122 pages
€61 \$86 £54 ¥7 200



OECD Economic Surveys: Indonesia 2012

ISBN 978-92-64-12820-0,
October 2012, 105 pages
€61 \$86 £54 ¥7 200

OECD Economic Surveys: Portugal 2012

ISBN 978-92-64-12798-2, August 2012, 116 pages
€61 \$86 £54 ¥7 200

OECD Economic Surveys: Turkey 2012

ISBN 978-92-64-12796-8, August 2012, 108 pages
€61 \$86 £54 ¥7 200

National Accounts of OECD Countries, Volume 2012 Issue 2: Detailed Tables

ISBN 978-92-64-17949-3, August 2012, 320 pages
€75 \$105 £67 ¥9 700

AGRICULTURE



Livestock Diseases: Prevention, Control and Compensation Schemes

ISBN 978-92-64-17875-5, August 2012,
204 pages
€60 \$84 £54 ¥7 800

OECD Review of Agricultural Policies: Indonesia 2012

ISBN 978-92-64-17900-4, October 2012, 292 pages
€50 \$70 £45 ¥6 500

DEVELOPMENT

Conflict and Fragility

Improving International Support to Peace Processes: The Missing Piece

ISBN 978-92-64-17983-7, September 2012, 112 pages
€24 \$33 £21 ¥3 100

Better Aid

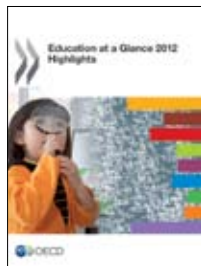
Aid Effectiveness in the Health Sector: Progress and Lessons

ISBN 978-92-64-13068-5, September 2012, 92 pages
€27 \$37 £24 ¥3 500

Capital Markets in the Dominican Republic: Tapping the Potential for Development

ISBN 978-92-64-17761-1, September 2012, 104 pages
€24 \$33 £21 ¥3 100

EDUCATION



Education at a Glance 2012: Highlights

ISBN 978-92-64-17956-1,
September 2012,
91 pages
€28 \$39 £25 ¥3 600

SET Education at a Glance 2012: OECD Indicators and Highlights

ISBN 978-92-64-17958-5, September 2012,
2 volumes
€80 \$112 £72 ¥10 400

Strengthening Integrity and Fighting Corruption in Education: Serbia

ISBN 978-92-64-17963-9, October 2012, 138 pages
€26 \$36 £23 ¥3 300

Reviews of National Policies for Education

Higher Education in the Dominican Republic 2012

ISBN 978-92-64-17700-0, August 2012, 180 pages
€54 \$75 £48 ¥7 900

Strong Performers and Successful Reformers in Education

Delivering School Transparency in Australia: National Reporting through My School

ISBN 978-92-64-17563-1, August 2012, 82 pages
€30 \$42 £27 ¥3 900

Strong Performers and Successful Reformers in Education

Guidance from PISA for the Canary Islands, Spain

ISBN 978-92-64-17417-7, August 2012, 96 pages
€30 \$42 £27 ¥3 900

PISA

Untapped Skills: Realising the Potential of Immigrant Students

ISBN 978-92-64-17229-6, August 2012, 204 pages
€60 \$84 £54 ¥7 800

Teaching Practices and Pedagogical Innovations: Evidence from TALIS

ISBN 978-92-64-12328-1, September 2012, 172 pages
€24 \$33 £21 ¥3 100

OECD Reviews of Evaluation and Assessment in Education: Luxembourg 2012

ISBN 978-92-64-11679-5, October 2012, 160 pages
€30 \$42 £27 ¥3 900



Connected Minds: Technology and Today's Learners

ISBN 978-92-64-07522-1, August 2012,
172 pages
€24 \$33 £21 ¥3 100

EMPLOYMENT

Closing the Gender Gap: Act Now

ISBN 978-92-64-17936-3, October 2012, 296 pages
€80 \$112 £72 ¥10 400

Free Movement of Workers and Labour Market Adjustment: Recent Experiences from OECD Countries and the European Union

ISBN 978-92-64-17717-8, July 2012, 300 pages
€60 \$84 £54 ¥7 800

ENERGY



Medium-Term Renewable Energy Market Report 2012 Market Trends and Projections to 2017

ISBN 978-92-64-17799-4, August 2012, 100 pages
€100 \$140 £90 ¥13 000

Coal Information 2012

ISBN 978-92-64-17470-2, September 2012, 566 pages
€165 \$231 £148 ¥21 400

Electricity Information 2012

ISBN 978-92-64-17468-9, September 2012, 760 pages
€150 \$210 £135 ¥19 500

Natural Gas Information 2012

ISBN 978-92-64-17473-3, September 2012, 600 pages
€165 \$231 £148 ¥21 400

Renewables Information 2012

ISBN 978-92-64-17388-0, September 2012, 460 pages
€110 \$154 £99 ¥14 300

Energy Balances of Non-OECD Countries 2012

ISBN 978-92-64-17466-5, September 2012, 554 pages
€120 \$168 £108 ¥15 600

Energy Statistics of Non-OECD Countries 2012

ISBN 978-92-64-17459-7, September 2012, 750 pages
€120 \$168 £108 ¥15 600

Energy Statistics of OECD Countries 2012

ISBN 978-92-64-08876-4, August 2012, 420 pages
€120 \$168 £108 ¥15 600

ENVIRONMENT

OECD Studies on Water

A Framework for Financing Water Resources Management

ISBN 978-92-64-17981-3, September 2012, 96 pages
€24 \$33 £21 ¥3 100

Evaluation of Agri-Environmental Policies: Selected Methodological Issues and Case Studies

ISBN 978-92-64-17932-5, September 2012, 256 pages
€69 \$96 £62 ¥8 900

OECD Studies on Environmental Innovation

Energy and Climate Policy: Bending the Technological Trajectory

ISBN 978-92-64-17456-6, October 2012, 150 pages
€48 \$67 £43 ¥6 200

FINANCE AND INVESTMENT

OECD Banking Statistics: Financial Statements of Banks 2012

ISBN 978-92-64-17978-3, October 2012, 320 pages
€90 \$126 £81 ¥11 700

Corporate Governance, Value Creation and Growth: The Bridge between Finance and Enterprise

ISBN 978-92-64-17953-0, September 2012, 88 pages
€24 \$33 £21 ¥3 100



Board Member Nomination and Election

ISBN 978-92-64-17934-9, October 2012, 105 pages
€30 \$42 £27 ¥3 900

OECD Reviews of Risk Management Policies

Systemic Financial Risk

ISBN 978-92-64-11272-8, July 2012, 81 pages
€25 \$35 £22 ¥3 200

Stocktaking of Business Integrity and Anti-Bribery Legislation, Policies and Practices in Twenty African Countries

ISBN 978-92-64-16952-4, October 2012, 170 pages
€45 \$63 £40 ¥5 800

GOVERNANCE

Competitive Neutrality: Maintaining a Level Playing Field between Public and Private Business

ISBN 978-92-64-17894-6, September 2012, 120 pages
€30 \$42 £27 ¥3 900

Value for Money in Government: Australia 2012

ISBN 978-92-64-17879-3, July 2012, 152 pages
€30 \$42 £27 ¥3 900

OECD Public Governance Reviews

Slovenia: Towards a Strategic and Efficient State

ISBN 978-92-64-17325-5, July 2012, 220 pages
€54 \$75 £48 ¥7 000

OECD Public Governance Reviews: France: An international perspective on the General Review of Public Policies

ISBN 978-92-64-16756-8, August 2012, 216 pages
€70 \$98 £63 ¥9 100

INDUSTRY AND SERVICES

Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region

ISBN 978-92-64-17905-9, September 2012, 134 pages
€24 \$33 £21 ¥3 100

SME Policy Index: Eastern Partner Countries 2012

ISBN 978-92-64-17883-0, October 2012, 250 pages
€50 \$70 £45 ¥6 500

NUCLEAR ENERGY

Nuclear Energy Data 2012

ISBN 978-92-64-17785-7, October 2012, 140 pages
€42 \$58 £37 ¥5 400

SCIENCE AND TECHNOLOGY

OECD Reviews of Regional Innovation

Central and Southern Denmark 2012

ISBN 978-92-64-17873-1, September 2012, 236 pages
€45 \$63 £40 ¥5 800

SOCIAL ISSUES, MIGRATION AND HEALTH

Connecting with Emigrants: A Global Profile of Diasporas

ISBN 978-92-64-17793-2, October 2012, 388 pages
€96 \$134 £86 ¥12 400

OECD Reviews of Risk Management Policies

Social Unrest

ISBN 978-92-64-17345-3, August 2012, 104 pages
€30 \$42 £27 ¥3 900

TAXATION

Taxing Wages 2011

ISBN 978-92-64-17327-9, August 2012, 579 pages
€150 \$210 £135 ¥19 500



Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews

All priced at €36 \$50
£32 ¥4 600

- **People's Republic of China 2012: Combined: Phase 1 + Phase 2**
ISBN 978-92-64-17825-0, July 2012, 124 pages
- **Cook Islands 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17811-3, July 2012, 80 pages
- **Greece 2012: Combined: Phase 1 + Phase 2**
ISBN 978-92-64-17827-4, July 2012, 120 pages
- **Grenada 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17817-5, July 2012, 80 pages
- **Lebanon 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17815-1, July 2012, 80 pages

- **The Republic of Liberia 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17813-7, July 2012, 80 pages
- **Montserrat 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17819-9, July 2012, 72 pages
- **Saint Lucia 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17821-2, July 2012, 84 pages
- **United Arab Emirates 2012: Phase 1: Legal and Regulatory Framework**
ISBN 978-92-64-17823-6, July 2012, 116 pages

TRADE



OECD Trade Policy Studies

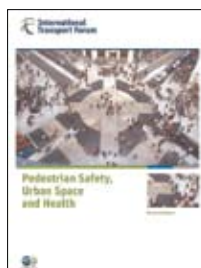
Illegal Trade in Environmentally Sensitive Goods

ISBN 978-92-64-17422-1, October 2012,
112 pages
€33 \$46 £29 ¥4 200

TRANSPORT

Trends in the Transport Sector 2012

ISBN 978-92-82-10371-5, September 2012, 80 pages
€28 \$39 £25 ¥3 600



Pedestrian Safety, Urban Space and Health

ISBN 978-92-82-10364-7,
September 2012,
116 pages
€30 \$42 £27 ¥3 900

URBAN, RURAL AND REGIONAL DEVELOPMENT

OECD Green Growth Studies

Linking Renewable Energy to Rural Development

ISBN 978-92-64-18042-0, October 2012, 347 pages
€90 \$126 £81 ¥11 700

OECD Territorial Reviews: Skåne, Sweden 2012

ISBN 978-92-64-17750-5, July 2012, 296 pages
€60 \$84 £54 ¥7 800

OECD Territorial Reviews: The Chicago Tri-State Metropolitan Area, United States 2012

ISBN 978-92-64-17028-5, September 2012, 320 pages
€72 \$100 £64 ¥9 300

FORTHCOMING

- Development Co-operation Report 2012
- OECD Integrity Review of Brazil: Managing Risks for a Cleaner Public Service
- OECD Review of Agricultural Policies: Indonesia 2012
- Sustainable Materials Management: Making Better Use of Resources
- Tax and Development: Aid Modalities for Strengthening Tax Systems
- Water Governance in Latin America and the Caribbean: A Multi-level Approach
- Waiting Time Policies in the Health Sector: What Works
- World Energy Outlook 2012

All publications listed on these pages are available at:

www.oecd.org/bookshop and
www.oecdilibrary.org

A list of OECD publications distributors in various countries is available at:

www.oecd.org/publishing/distributors

A list of institutions subscribing to the OECD iLibrary is available at:

www.oecd.org/publishing/oecdilibrarysubscribers

Vive la réforme



People looking for models of public governance reform may not immediately think of France, but perhaps they should think again. In July 2007, France launched a reform

programme called “General Review of Public Policies” (Révision Générale des Politiques Publiques, RGPP). Implemented at central government level, it adopts a novel approach that could prove a useful model for other OECD countries.

France: An International Perspective on the General Review of Public Policies provides an in-depth look at a programme that seeks to improve public services for users,

rationalise expenditure and modernise management of the central government’s human resources. Aimed principally at central government, the approach involves a series of structural reforms such as mergers of support services, reforms to internal governance and management of the civil service, and improvements to the quality of services delivered, particularly through e-government. Reducing government spending is also a key focus.

The publication analyses the programme’s results so far by comparing them to the review’s original objectives. Drawing lessons on budget savings and attempts to foment a culture of innovation and improve their delivery of services, the report finds that the French general public policy review has enhanced central government organisation and operations. Improvements have been achieved in

administrative reorganisation by merging, transferring or changing the missions of government departments, for instance. The programme has also helped bolster interconnectedness and information exchange among ministries.

Nevertheless, room for improvement remains. Efforts to pool support functions, for instance, have not gone far enough, and the publication provides a number of recommendations for further action.

The case studies drawn from the French experience could prove useful to all OECD countries looking to improve governance and the performance of public administrations. Likewise, they could assist local authorities keen to innovate and provide better services at a lower cost.

ISBN 139789264167568

OECD OBSERVER ORDER FORM – SUBSCRIBE TODAY!

Yes, sign me up for 4 issues and my annual *OECD Yearbook*.
 € 75
 US\$ 99
 £ 59
 ¥ 9 500

Yes, sign me up for 8 issues plus 2 annual *OECD Yearbooks* and **save 30%**!
 € 104
 US\$ 142
 £ 84
 ¥ 13 900

You can order either online at www.oecd.org/bookshop or by mail at one of the addresses below

Name		Organisation	
Telephone	Fax	Position held	
Address			
E-mail			
Date			
Postcode, City and Country			
Signature			

Subscription will start with the next available issue. You will receive the English language edition unless you select the French - tick here

For customers in the US

Turpin Distribution, The Bleachery, 143 West Street, New Milford, Connecticut 06776 USA
 Tel: (1) 800 456 6323 Fax: (1) 860 350 0039 Email: oeedna@turpin-distribution.com

For customers in the rest of the world

Turpin Distribution Ltd., Stratton Business Park, Pegasus Drive, Biggleswade, Bedfordshire SG18 8QB, UK
 Tel: (44) 1767 604 960 Fax: (44) 1767 601 640 E-mail: oeedrow@turpin-distribution.com

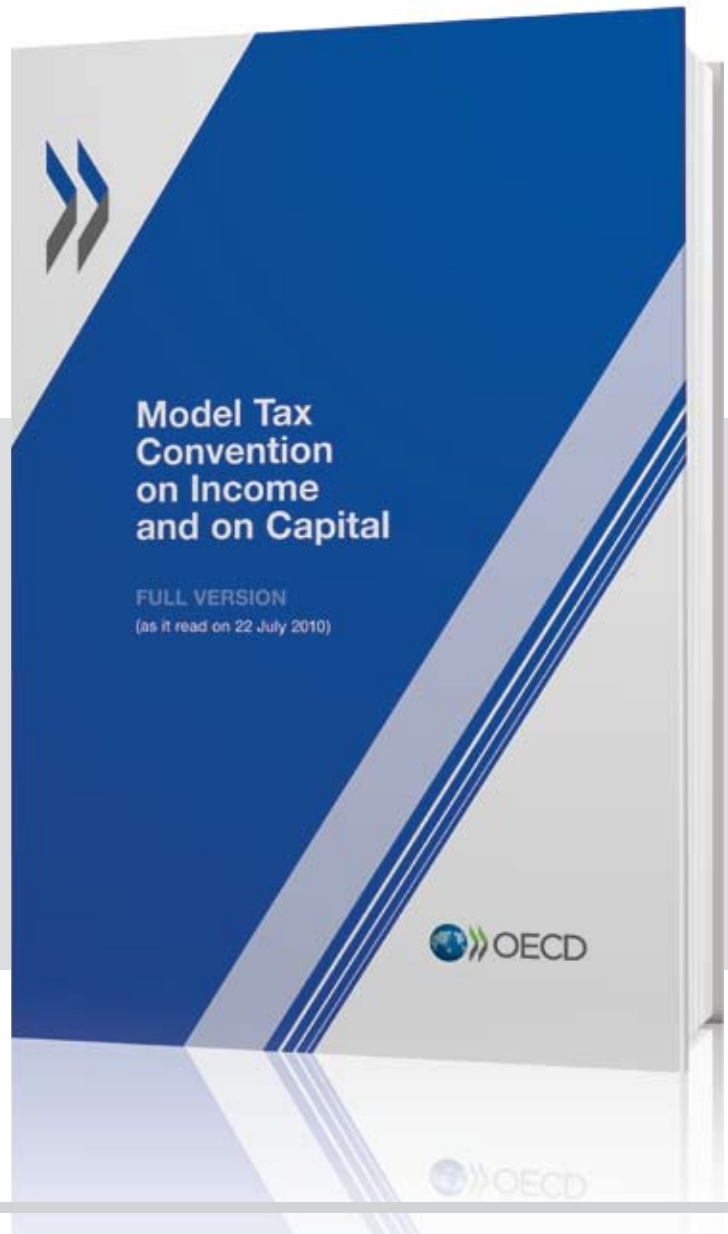
Payment details

- Cheque/money order enclosed (payable to “OECD”)
 Please charge my VISA/MasterCard/American Express

TOTAL amount due	
Card number	Expiry date

BETTER POLICIES FOR BETTER LIVES

OECD Model Tax Convention on Income and Capital



Browse and order at www.oecd.org/bookshop





Skills

Healthcare

Migration

Youth

New Approaches to Economic Challenges

Inequality

Knowledge-based Capital

Gender

Energy

Ageing populations

Trust

Development

Tax

Middle Classes

Social Protection

Transparency

Sustainability

Global Value Chains

New approaches are urgently needed

Join us and
take part in the debate

OECD WEEK 2013

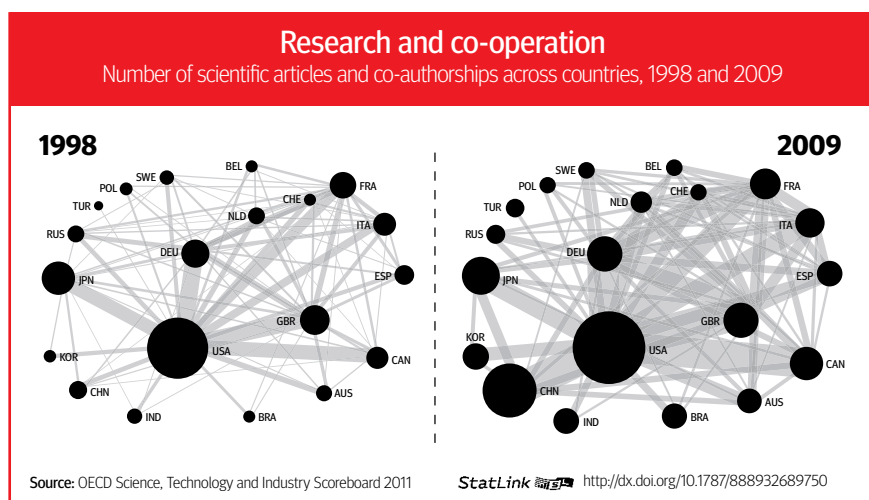
Paris, 28-30 May
www.oecd.org/forum

Contact us: oe.cd.forum@oe.cd.org

Emerging innovators

Making strides in scientific innovation is no longer an initiative of just a few select high-income countries. Research and innovation have become increasingly democratised; indeed, Asia's emerging economies are now gaining prominence as world hubs of scientific research. While the United States remains at the top in terms of the volume of scientific publications produced and collaborations made, these countries are eager to develop their own innovation capabilities, and strengthen their research and academic partnerships.

Take China, which lagged in the field of scientific research only ten years ago. Today it has surpassed France and Germany, grabbing the number two spot in the number of scientific publications written in co-operation with researchers from partner countries. This push towards innovation has been accompanied by a jump in the globalisation of research, as



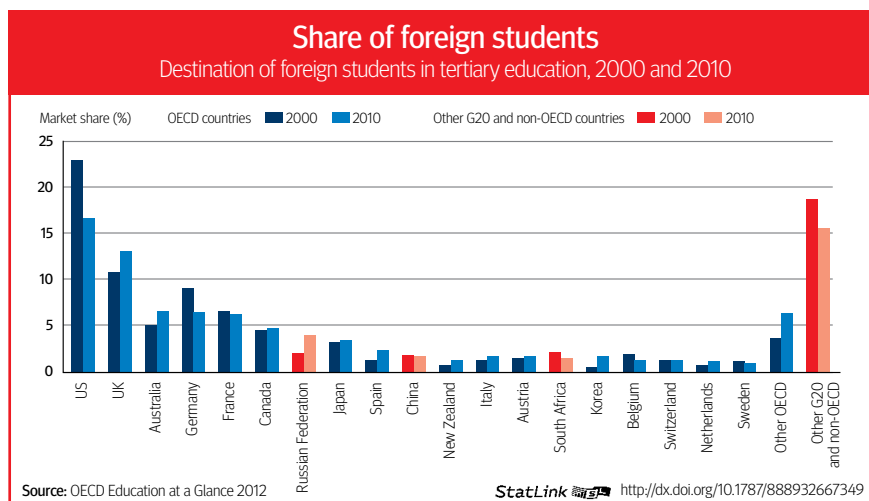
evidenced by a significant increase in the number of co-authorships of scientific publications among countries, especially between China and the United States, and Japan and Canada. Korea has also boosted its R&D funding in the past decade, and now publishes more scientific research than countries such as Sweden, Russia and Turkey.

As scientific disciplines become more specialised, researchers in individual countries look to scale up by working with researchers in similar fields around the world.

See www.oecd.org/sti

Study abroad

More students are looking beyond their borders to give their education a competitive edge. Despite shrinking support for scholarships and tightening travel budgets, 4.1 million students pursued their formal tertiary education abroad in 2010. According to Unesco, there were 177 million students enrolled in tertiary institutions worldwide that year, an increase of 77 million students since 2000. The US suffered a marked drop in the share of foreign students it received, though in absolute terms, the number of students increased from 475,000 in 2000 to 685,000 in 2010. Young scholars appear to be flocking mostly to English-speaking countries. Australia, New Zealand and the UK have the highest percentage of international students among their tertiary students, and have seen noticeable boosts in their popularity as educational destinations in the past decade. Tuition policies also play a large role in destination



choices for foreign students: among most EU countries such as Austria, Italy and Spain, international students from other EU countries are treated as domestic students with respect to tuition fee charges, which are relatively low in these countries. Korea, where most international students pay tuition fees that are somewhat lower than those paid by domestic students, has

transformed in recent years to become a more popular study abroad destination than Sweden or the Netherlands. Meanwhile, Korea joins China and India in boasting the largest numbers of students studying abroad.

See www.oecd.org/education

				% change from:				level:	
				previous period	previous year			current period	same period last year
	Australia	Gross domestic product	Q2-2012	0.6	3.7	Current balance	Q2-2012	-11.9	-7.7
		Industrial production	Q2-2012	-1.1	0.5	Unemployment rate	Q3-2012	5.3	5.2
		Consumer price index	Q3-2012	1.4	2.0	Interest rate	Q3-2012	3.6	4.9
	Austria	Gross domestic product	Q2-2012	0.1	0.8	Current balance	Q2-2012	2.5	1.3
		Industrial production	Q2-2012	2.2	2.1	Unemployment rate	Q3-2012	4.5	3.9
		Consumer price index	Q3-2012	0.2	2.3	Interest rate	Q3-2012	0.4	1.6
	Belgium	Gross domestic product	Q3-2012	0.0	-0.3	Current balance	Q2-2012	-1.6	-2.1
		Industrial production	Q2-2012	-3.3	-6.2	Unemployment rate	Q3-2012	7.4	7.3
		Consumer price index	Q3-2012	0.4	2.6	Interest rate	Q3-2012	0.4	1.6
	Canada	Gross domestic product	Q2-2012	0.5	2.9	Current balance	Q2-2012	-15.9	-16.5
		Industrial production	Q2-2012	0.7	2.3	Unemployment rate	Q3-2012	7.3	7.3
		Consumer price index	Q3-2012	-0.2	1.2	Interest rate	Q3-2012	1.2	1.2
	Chile	Gross domestic product	Q2-2012	1.7	5.5	Current balance	Q2-2012	-3.1	-0.3
		Industrial production	Q3-2012	-2.1	4.3	Unemployment rate	Q3-2012	6.2	7.1
		Consumer price index	Q3-2012	0.2	2.6	Interest rate	Q2-2012	5.1	5.3
	Czech Republic	Gross domestic product	Q2-2012	-0.2	-1.0	Current balance	Q2-2012	0.1	-2.1
		Industrial production	Q2-2012	-2.9	-1.5	Unemployment rate	Q3-2012	6.8	6.6
		Consumer price index	Q3-2012	0.0	3.3	Interest rate	Q3-2012	1.0	1.2
	Denmark	Gross domestic product	Q2-2012	-0.4	-0.6	Current balance	Q2-2012	5.8	4.3
		Industrial production	Q2-2012	-0.3	-4.3	Unemployment rate	Q3-2012	8.2	7.5
		Consumer price index	Q3-2012	0.2	2.5	Interest rate	Q3-2012	-0.1	1.2
	Estonia	Gross domestic product	Q2-2012	0.5	2.7	Current balance	Q2-2012	-0.1	0.0
		Industrial production	Q3-2012	2.8	-0.9	Unemployment rate	Q2-2012	10.0	13.0
		Consumer price index	Q3-2012	0.8	3.7	Interest rate	Q3-2012	0.4	1.6
	Finland	Gross domestic product	Q2-2012	-1.1	0.1	Current balance	Q2-2012	0.3	-1.0
		Industrial production	Q2-2012	1.4	-1.2	Unemployment rate	Q3-2012	7.8	7.7
		Consumer price index	Q3-2012	0.1	2.8	Interest rate	Q3-2012	0.4	1.6
	France	Gross domestic product	Q2-2012	0.0	0.3	Current balance	Q2-2012	-16.6	-15.7
		Industrial production	Q2-2012	-0.3	-1.9	Unemployment rate	Q3-2012	10.7	9.6
		Consumer price index	Q3-2012	-0.1	2.0	Interest rate	Q3-2012	0.4	1.6
	Germany	Gross domestic product	Q2-2012	0.3	1.0	Current balance	Q2-2012	53.9	44.5
		Industrial production	Q2-2012	-0.2	-0.5	Unemployment rate	Q3-2012	5.4	5.8
		Consumer price index	Q3-2012	0.5	1.9	Interest rate	Q3-2012	0.4	1.6
	Greece	Gross domestic product	Q1-2011	0.2	-5.5	Current balance	Q2-2012	-2.8	-7.6
		Industrial production	Q2-2012	1.1	-1.6	Unemployment rate	Q2-2012	23.9	16.7
		Consumer price index	Q3-2012	-1.5	1.3	Interest rate	Q3-2012	0.4	1.6
	Hungary	Gross domestic product	Q2-2012	-0.2	-1.1	Current balance	Q2-2012	0.5	0.4
		Industrial production	Q2-2012	-0.4	0.0	Unemployment rate	Q2-2012	11.0	10.9
		Consumer price index	Q3-2012	0.1	6.1	Interest rate	Q3-2012	7.9	6.7
	Iceland	Gross domestic product	Q2-2012	-6.5	1.4	Current balance	Q2-2012	-0.2	-0.1
		Industrial production	Q2-2012	-6.4	4.0	Unemployment rate	Q3-2012	6.3	7.0
		Consumer price index	Q3-2012	-0.2	4.3	Interest rate	Q3-2012	5.8	4.3
	Ireland	Gross domestic product	Q2-2012	0.0	-0.5	Current balance	Q2-2012	4.0	0.5
		Industrial production	Q3-2012	-4.5	-3.1	Unemployment rate	Q3-2012	15.0	14.6
		Consumer price index	Q3-2012	0.1	1.7	Interest rate	Q3-2012	0.4	1.6
	Israel	Gross domestic product	Q2-2012	0.8	3.2	Current balance	Q2-2012	-0.1	0.2
		Industrial production	Q2-2012	2.7	4.1	Unemployment rate	Q3-2012	6.7	5.6
		Consumer price index	Q3-2012	0.6	1.8	Interest rate	Q3-2012	2.1	3.0
	Italy	Gross domestic product	Q2-2012	-0.8	-2.6	Current balance	Q2-2012	-3.5	-20.0
		Industrial production	Q2-2012	-1.6	-7.5	Unemployment rate	Q3-2012	10.7	8.5
		Consumer price index	Q3-2012	0.5	3.2	Interest rate	Q3-2012	0.4	1.6
	Japan	Gross domestic product	Q3-2012	-0.9	0.2	Current balance	Q2-2012	18.9	23.1
		Industrial production	Q3-2012	-4.1	-4.4	Unemployment rate	Q3-2012	4.2	4.4
		Consumer price index	Q3-2012	-0.6	-0.4	Interest rate	Q3-2012	0.3	0.3
	Korea	Gross domestic product	Q3-2012	0.2	1.6	Current balance	Q2-2012	8.4	3.3
		Industrial production	Q3-2012	-2.1	-0.2	Unemployment rate	Q3-2012	3.1	3.2
		Consumer price index	Q3-2012	0.3	1.6	Interest rate	Q3-2012	3.2	3.6
	Luxembourg	Gross domestic product	Q2-2012	0.4	0.8	Current balance	Q2-2012	0.9	1.0
		Industrial production	Q2-2012	-2.8	-5.5	Unemployment rate	Q3-2012	5.2	5.0
		Consumer price index	Q3-2012	0.1	2.7	Interest rate	Q3-2012	0.4	1.6
	Mexico	Gross domestic product	Q2-2012	0.9	4.1	Current balance	Q2-2012	-1.1	-2.5
		Industrial production	Q2-2012	1.0	..	Unemployment rate	Q3-2012	4.8	5.3
		Consumer price index	Q3-2012	1.1	4.6	Interest rate	Q3-2012	4.8	4.8

		% change from:				level:			
		previous period		previous year		current period		same period last year	
	Netherlands	Gross domestic product	Q2-2012	0.2	-0.5	Current balance	Q2-2012	15.7	19.7
		Industrial production	Q2-2012	0.3	1.3	Unemployment rate	Q3-2012	5.3	4.4
		Consumer price index	Q3-2012	0.5	2.5	Interest rate	Q3-2012	0.4	1.6
	New Zealand	Gross domestic product	Q2-2012	0.3	1.9	Current balance	Q2-2012	-2.3	-1.5
		Industrial production	Q2-2012	-0.1	1.7	Unemployment rate	Q3-2012	7.3	6.6
		Consumer price index	Q3-2012	0.3	0.8	Interest rate	Q3-2012	2.7	2.8
	Norway	Gross domestic product	Q2-2012	1.2	4.8	Current balance	Q2-2012	15.9	18.6
		Industrial production	Q2-2012	3.2	9.3	Unemployment rate	Q2-2012	3.0	3.3
		Consumer price index	Q3-2012	-0.7	0.4	Interest rate	Q3-2012	2.1	3.0
	Poland	Gross domestic product	Q2-2012	0.4	2.5	Current balance	Q2-2012	-3.2	-6.3
		Industrial production	Q3-2012	-0.1	1.5	Unemployment rate	Q3-2012	10.1	9.7
		Consumer price index	Q3-2012	-0.5	3.7	Interest rate	Q3-2012	5.0	4.7
	Portugal	Gross domestic product	Q2-2012	-1.2	-3.3	Current balance	Q2-2012	-0.7	-5.4
		Industrial production	Q3-2012	2.3	-3.8	Unemployment rate	Q3-2012	15.7	12.8
		Consumer price index	Q3-2012	-0.2	2.9	Interest rate	Q3-2012	0.4	1.6
	Slovak Republic	Gross domestic product	Q2-2012	0.7	3.0	Current balance	Q2-2012	0.6	-0.6
		Industrial production	Q2-2012	5.7	12.0	Unemployment rate	Q3-2012	14.0	13.5
		Consumer price index	Q3-2012	0.3	3.6	Interest rate	Q3-2012	0.4	1.6
	Slovenia	Gross domestic product	Q2-2012	-1.0	-2.2	Current balance	Q2-2012	1.8	1.7
		Industrial production	Q2-2012	1.0	0.7	Unemployment rate	Q3-2012	8.4	8.1
		Consumer price index	Q3-2012	-0.4	2.9	Interest rate	Q3-2012	0.4	1.6
	Spain	Gross domestic product	Q3-2012	-0.3	-1.6	Current balance	Q2-2012	-6.0	-12.1
		Industrial production	Q2-2012	-1.5	-6.6	Unemployment rate	Q3-2012	25.5	22.0
		Consumer price index	Q3-2012	0.3	2.8	Interest rate	Q3-2012	0.4	1.6
	Sweden	Gross domestic product	Q2-2012	0.7	1.3	Current balance	Q2-2012	7.7	8.4
		Industrial production	Q2-2012	1.6	0.1	Unemployment rate	Q3-2012	7.7	7.3
		Consumer price index	Q3-2012	-0.4	0.6	Interest rate	Q3-2012	1.1	1.7
	Switzerland	Gross domestic product	Q2-2012	-0.1	0.6	Current balance	Q2-2012	20.7	16.7
		Industrial production	Q4-2011	1.0	-1.4	Unemployment rate	Q2-2012	3.7	3.6
		Consumer price index	Q3-2012	-0.6	-0.5	Interest rate	Q3-2012	0.1	0.1
	Turkey	Gross domestic product	Q2-2012	1.8	3.2	Current balance	Q2-2012	-12.1	-20.8
		Industrial production	Q2-2012	-2.5	3.4	Unemployment rate	Q2-2012	7.9	9.1
		Consumer price index	Q3-2012	-0.2	9.0	Interest rate	Q2-2012	..	..
	United Kingdom	Gross domestic product	Q3-2012	1.0	-0.1	Current balance	Q2-2012	-32.8	-4.9
		Industrial production	Q3-2012	0.9	-1.4	Unemployment rate	Q2-2012	7.9	7.9
		Consumer price index	Q3-2012	0.3	2.4	Interest rate	Q3-2012	0.7	0.9
	United States	Gross domestic product	Q3-2012	0.5	2.3	Current balance	Q2-2012	-117.4	-119.1
		Industrial production	Q3-2012	-0.1	3.2	Unemployment rate	Q3-2012	8.1	9.1
		Consumer price index	Q3-2012	0.2	1.7	Interest rate	Q3-2012	0.3	0.3
	Euro area	Gross domestic product	Q2-2012	-0.2	-0.4	Current balance	Q2-2012	36.5	-8.7
		Industrial production	Q2-2012	-0.4	-2.2	Unemployment rate	Q3-2012	11.5	10.2
		Consumer price index	Q3-2012	..	2.5	Interest rate	Q3-2012	0.4	1.6
Non-members									
	² Brazil	Gross domestic product	Q2-2012	0.4	0.5	Current balance	Q2-2012	-14.4	-12.4
		Industrial production	Q3-2012	0.8	-2.4	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	1.1	5.2	Interest rate	..	..	..
	² China	Gross domestic product	..	..	Current balance	Q3-2011	53.4	101.7	
		Industrial production	..	..	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	0.1	1.9	Interest rate	Q3-2012	3.7	5.6
	² India	Gross domestic product	Q2-2012	0.8	4.2	Current balance	Q2-2011	-14.2	-12.5
		Industrial production	Q2-2012	-1.4	-0.2	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	3.6	9.8	Interest rate	..	..	..
	² Indonesia	Gross domestic product	Q3-2012	1.4	6.2	Current balance	Q4-2011	-2.3	0.8
		Industrial production	..	..	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	1.8	4.5	Interest rate	Q3-2012	5.7	6.9
	¹ Russian Federation	Gross domestic product	Q2-2012	0.1	4.1	Current balance	Q2-2012	22.7	23.4
		Industrial production	Q3-2012	0.6	2.7	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	2.3	6.0	Interest rate	Q2-2012	7.3	4.7
	² South Africa	Gross domestic product	Q2-2012	0.8	2.7	Current balance	..	..	..
		Industrial production	..	..	Unemployment rate	..	..	..
		Consumer price index	Q3-2012	0.9	5.2	Interest rate	Q3-2012	5.1	5.5

Gross Domestic Product: Volume series; seasonally adjusted. **Leading Indicators:** A composite indicator based on other indicators of economic activity, which signals cyclical movements in industrial production from six to nine months in advance. **Consumer Price Index:** Measures changes in average retail prices of a fixed basket of goods and services. **Current Balance:** Billion US\$; seasonally adjusted. **Unemployment Rate:** % of civilian labour force, standardised unemployment rate, national definitions for Iceland, Mexico and Turkey; seasonally adjusted apart from Turkey. **Interest Rate:** Three months.

..=not available

¹Accession candidate to OECD

²Enhanced engagement programme

Source: *Main Economic Indicators*, November 2012

Investment dries up

The fallout from uncertainty that continues to undermine the global economy is reflected in international investment, which is falling once again, following two years of steady gains. In 2011, international mergers and acquisitions (IM&A) had risen back up to just over US\$1 trillion. But according to the OECD's *Investment News*, investment activity is projected to decline by as much as 36% in 2012, to \$675 billion.

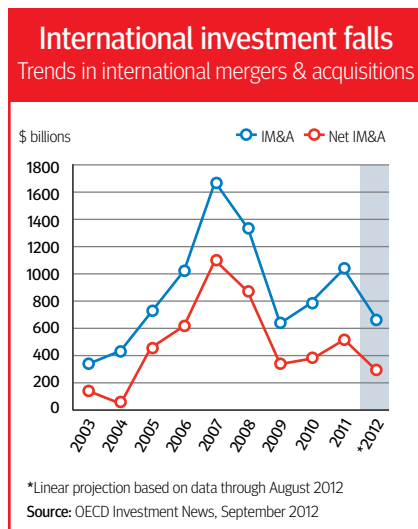
This drop has been accompanied by increased international investment by firms. When this investment is taken into account, the resulting net IM&A drops to \$317 billion, the lowest level seen since 2004.

As the euro crisis drags on, Europe is expected to experience the largest drop in

outward investment, a staggering 48%. Investments by Africa and the Middle East, North America and Asia are also expected to drop significantly. Latin America had seemed to be bucking the trend as intra-regional deals in airlines, steel, telecommunications and retail buoyed activity. However, IM&A into Latin America is set to fall by 30% in 2012.

The steep declines in IM&A reflect a deepening mistrust in the global state of affairs—from concerns that the US is heading for a “fiscal cliff” to slowing growth in China—that sees countries succumbing to a protectionist impulse in their trade and investment.

See www.oecd.org/investment

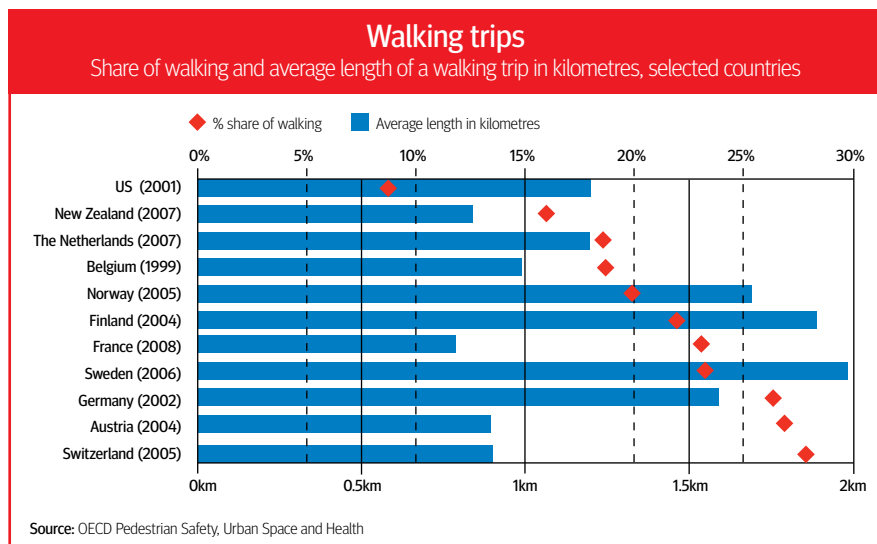


Take a walk

Cities that want healthier populations should get them moving. In the US, where urban sprawl and personal motorised vehicle are prevalent, walking makes up only 8.6% of all trips, by far the lowest proportion in our chart.

Of the OECD countries surveyed in *Pedestrian Safety, Urban Space and Health*, Germany and Austria rank among the highest populations whose trips are made entirely by walking, with average trips by foot exceeding 25%. However, in industrialised countries, the average length of a walking trip is quite short. For the Swiss, while 28% of trips are made by walking, 60% of them did not exceed 1 km, and only 10% exceeded 2 km. The average journey in Sweden is somewhat longer, at 2 km, with around 22% of all trips taken by foot. As for Americans, they may not walk often, but when they do, they walk further than the Swiss.

Societies that walk are healthier, see less traffic congestion, and have greater social equity and more vibrant economies—as



the reports points out, the best customers are pedestrians. Policies that encourage walking facilitate liveable, more compact and sustainable cities. Indeed, urban planning should give greater weight to mobility management, and particularly

to non-motorised transportation, so that cities themselves can aim for a healthier waistline.

See www.internationaltransportforum.org

GUARANTEEING THE QUALITY OF THE ELECTRICITY SUPPLY

**Committed to the environment
and to a sustainable
energy future**

**Red Eléctrica has obtained
the European EFQM award
for business excellence
in the category
"Taking responsibility
for a sustainable future"**



RED ELÉCTRICA DE ESPAÑA

www.ree.es

At MSD, we work hard to keep the world well. How? By providing people all around the globe with innovative prescription medicines, vaccines, and consumer care and animal health products. We also provide leading healthcare solutions that make a difference. And we do it by listening to patients, physicians and our other partners — and anticipating their needs.

Not just healthcare.



We believe our responsibility includes making sure that our products reach people who need them, regardless of where they live or their ability to pay. So we've created many far-reaching programs and partnerships to accomplish this. You can learn more about them at msd.com.

We continue on our journey to redefine ourselves to bring more hope to more people around the world. Our goals are clear and our commitment is fierce. We are dedicated to solving problems and pursuing new answers.

