

Chapter 10 : Policy Matters Challenges for Society and Governance

Presented By Group 4



Sick man of Europe

- ❁ Late 1990s
- ❁ Germany
- ❁ Unemployment near 10%
- ❁ Slowing GDP growth
- ❁ Aging population
- ❁ Strained welfare system

How did the sick man recover so quickly?



Hartz reform

- ✿ Improving vocational education
- ✿ Creating new jobs
- ✿ Changing unemployment
- ✿ welfare benefits



We discuss the political leadership challenge these trend breaks present



The case for change

- ✿ Global competition and technology change
- ✿ Job creation
 - Critical skill gaps
 - Graying population
 - Debt-ridden societies



Labor policy in a time of global competition and technology disruption

- ✿ Easier for machines to replace human work
 - Young workers and low-skilled workers are impacted
- ✿ To close the gap
 - need to accelerate the number of young people completing post-high school education
 - Promote training in job-relevant disciplines



Fiscal policy in a time of aging populations and rising capital costs

- ✿ United States, Europe, Japan and China
- ✿ Public health care costs are expected to rise even faster
- ✿ Medicare and medicaid are expected to more than double, to nearly 15% of GDP by 2050



Trade, immigration and monetary policy in a time of global integration

- ✿ Global trade is routinely blamed for job losses
- ✿ Anti-immigration sentiment is high in many countries, developed and emerging alike, and can target legal as well as illegal immigrants
- ✿ Europe, Singapore



Inequality in a time of productivity growth

- ✿ OECD countries: USA, Japan, western European nations, Mexico, Turkey and Hungary



Standards in a time of Technology and Resource disruption

- ✿ Governments play an important role in supporting research and development and in creating basic enablers for the private sector, from health care, education, and other public services
- ✿ Governments around the world are also facing new challenges from increasing global connectivity in data and communication flows.



Implications for future Governance

- ✿ Citizens around the world demand the governments deliver public services in shorter time frames, of consistent quality, and often at lower cost.
- ✿ the challenge for public sector officials isn't lack of vision, but short time frames, competing priorities, and flawed delivery.



The nature of government in the future: interesting questions

- ✿ Sizes
- ✿ Centralization
- ✿ Role



Three categories for desired outcomes

- ✿ Incentives
- ✿ Regulation
- ✿ Information



To navigate the changing landscape (Three approaches)

- ✿ Agility
- ✿ Innovation
- ✿ Best – in – class implementation



Using incentives to accelerate change

✿ China: high skilled professionals back home

- Large research grants, housing assistance and tax-free education allowances for the children

✿ Denmark: child-care facility

- Increase working-age labor women

✿ Mexico: poverty reduction efforts

- Provide cash payments for families who meet certain conditions such as health clinic visits and school attendance



Using regulation to direct response to change

- ✿ Regulators must impose capital standards and supervise them carefully
- ✿ Regulation is usually most intrusive when markets are least developed
- ✿ Aging populations: extended the legal retirement



Using regulation to direct response to change

- ✿ **Chile** : resilience to fluctuations from global flows
- ✿ **USA** : higher energy prices-innovations : electric vehicles, hybrid power trains, replacing steel with aluminum
- ✿ **Sweden** : encourage recycling-landfill taxes, recycling costs in the price of goods
- ✿ **Germany** : recycling-create electricity and heat



Harnessing information to improve productivity

- ✿ Austria, Germany and Switzerland : industry-based vocational education
- ✿ France : “do more with less” – reduce the country’s public expenditure and provide better service quality such as waiting times in accident and emergency department.



New opportunities for business

- ✿ Share public data with private companies allow new markets to develop
- ✿ For example, Coca-Cola with international agencies improve access to water and sanitation, protect watersheds, provide water for productive use, and raise awareness about water issues in Africa and Latin America



Conclusion

Trend break era

- ✿ Uncertainties and pressures on governments and policy makers
- ✿ Each country must make these decisions for itself regardless of a government's situation
- ✿ It must strive to respond quickly



