

GROWINPRO

Growth Welfare Innovation Productivity

How to achieve sustainable and inclusive growth: key results and policy recommendations from the GROWINPRO project

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Main goals of the project

- Providing a detailed analysis of the causes of the anemic growth performance observed in Europe during the last decades
- Delivering a set of policy solutions aimed at restoring sustained and inclusive economic growth, with particular attention both to the demand- and to the supply-side

The consortium

- Scuola Superiore Sant'Anna, Italy (SSSA)
- Katholieke Universiteit Leuven, Belgium (KU Leuven)
- Universiteit Maastricht, The Netherlands (MERIT)
- OFCE, Sciences Po, France (SPO)
- University College London, U.K. (UCL)
- Univerza V Ljubljani, Slovenia (UL)
- Universitaet Bielefeld, Germany (UNIBI)
- Tartu Ulikool, Estonia (UTARTU)
- Osterreichisches Institut fur Wirtschaftsforschung Verein, Austria (WIFO)
- Centrum fuer Europaische Wirtschaftsforschung Gmbh, Germany (ZEW)
- Bundesanstalt Statistik Oesterreich, Austria (BSO)
- Centraal Bureau voor de Statistiek, the Netherlands (CBS)
- Istituto Nazionale di Statistica, Italy (ISTAT)
- Lunaria, Italy (LUN)

Research outputs

- ✓ **114** Working Papers
- ✓ **10** Policy Briefs
- ✓ **36** publications in international scientific journals, e.g., PNAS, Nature Climate Change, Research Policy, World Development, Small Business Economics, Oxford Review of Economic Policy
- ✓ **1** Work Package (WP9) on Covid-19 added in progress with no additional costs
- ✓ **1** innovative online integrated policy toolkit based on agent-based models for the design and testing of policy scenarios and interventions

Outreach & Dissemination

- ✓ **4,000** participants to GROWINPRO initiatives
- ✓ **3** GROWINPRO Conferences organised with over **300** participants
 - January 2021: “Value creation and distribution in the digital era” (Joint GROWINPRO and OECD CIIE-WPIA Conference)
- ✓ **10** GROWINPRO public engagement events organised with key stakeholders, totalling over **600** participants
- ✓ Participation in **92** conferences, workshops and seminars
- ✓ **43** major international media outlets featuring GROWINPRO, including BBC, The New York Times, The Guardian, CNN, Financial Times, Al Jazeera
- ✓ **38** news articles published on the website; over **40,000** GROWINPRO website viewings
- ✓ **5** videos realized with over 2,000 YouTube views
- ✓ **60,000** persons reached

The updated context

- New technologies, globalisation and processes of institutional change impact on
 - the patterns of EU innovation and productivity growth
 - income growth
 - labour markets dynamics
 - inequalities
- Such impacts occur in the climate crisis, the most pressing societal challenge EU must face
- Policies responses will be implemented in the fragile post-pandemic social fabric

Digital technologies: a new industrial revolution?

- Not really, the so-called IV-Industrial Revolution shows a lot of elements of continuity with the ICT trajectories
- Worrying neglect of curiosity-driven scientific search (in favor of more marketable applied projects)
- Moreover, private firms tend to do less basic research
- Tighter appropriation via IPR certainly increases rents, but possible negative effects upon the rates of innovation
- The paradigmatic example of the development of COVID vaccines

Why anemic productivity growth?

- Servitisation as a general tendency, with depressive effects on average productivity (and employment)
- Slow firm entry and exit dynamics
- Weakening of unions and wider dispersion of wages allow “laggard” / low-productivity firms to survive

The sources of inequalities

- Incomplete pass-through of productivity gains to wages
- Weakening of institutions aimed at worker's protection (union and pro-labour law and policies)
- Not much evidence of “biases” in technological change but conversely ...
- ... significant effects of gig economy with
 - new (atypical) forms of labour relations
 - information-based “winner takes almost all” firms

Innovation policies

- A reform of the IPR regime is urgently needed to
 - reduce science commercialisation
 - boost innovation in the pharmaceutical sector
- Changing the innovation policy mix
 - indirect incentive-based innovation policies may stimulate productivity growth and employment, but they are costly
 - high-risk high-return direct policies involving an active role of the state in the research landscape are much more effective
 - the fundamental role of university research and public procurement
 - the need of mission-oriented policies

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Climate-change policies

- Carbon-pricing policies are ineffective to stay below the 2° C target
- A mix of command-and-control regulations and green subsidies is able to put the economy on a win-win-win sustainable growth pathway
- The scope of green financial policies is relatively limited and their effects should be carefully assessed
- The case for permanent fiscal capacity

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The “good” structural reforms

- Increase the rigidity of the labor market
- Regulate new forms of casual work made possible by digital platforms and gig economy
- Introduce minimum wage to increase wages and reduce inequality
- Support unions and workers’ bargaining power